MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

On the Cover:

The Missouri quarter was issued during August 2003, the fourth of five quarters issued during calendar year 2003. The quarter depicts Lewis and Clark's historic return to St. Louis down the Missouri River, with the Jefferson National Expansion Memorial (Gateway Arch) in the background. The quarter is inscribed "Corps of Discovery 1804-2004."

Source: Narrative and Quarter-dollar coin image from the United States Mint

This report can be viewed on the internet at www.oa.mo.gov/acct/cafr/

STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2004

BOB HOLDEN

Governor

JACQUELYN D. WHITE
Commissioner
Office of Administration

JACK DOTHAGE
Interim Director
Division of Accounting

Prepared by
Office of Administration, Division of Accounting

STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2004

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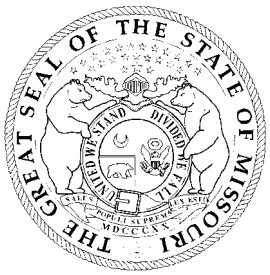


*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

Bob Holden
Governor

Jacquelyn D. White
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
Post Office Box 809
Jefferson City, Missouri 65102
(573) 751-2971
http://www.oa.mo.gov/acct

Jack Dothage
Interim Director
Division of Accounting

December 8, 2004

The Honorable Bob Holden
The Honorable Members of the Legislature
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year ended June 30, 2004. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audit of State and Local Governments and Non-Profit Organizations."

The State's financial statements have been prepared using the financial reporting model set forth by the Governmental Accounting Standards Board Statement No. 34. This is explained further in the *Management's Discussion and Analysis (MD&A)* section of this report. Other necessary disclosures are included in the *Notes to the Financial Statements*.

This report includes funds of various departments, agencies, and other organizational units for which the State is financially accountable. The various agencies, departments, boards, commissions, and accounts of the State that constitute the State's reporting entity are included in this report in accordance with criteria established by the Governmental Accounting Standards Board. Note 1 of the *Notes to the Financial Statements* provides a complete listing of the component units.

PROFILE OF THE GOVERNMENT

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 12, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate, and 163 members of the House of Representatives. The judicial branch is a three-tier court system. The Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amount at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

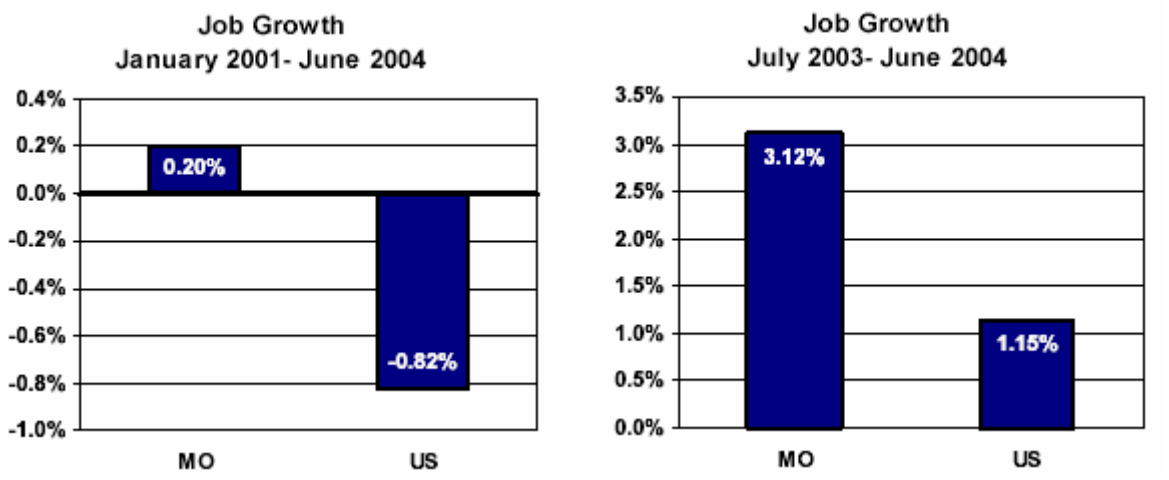
ECONOMIC CONDITION

Local Economy

Missouri's economy is both diverse and growing. Key economic activities of the State include manufacturing, extractive industries, and agricultural and food production. Missourians have strategic competencies and expertise in the following business sectors: manufacturing – lumber and wood products, paper products, greeting card publishing, and motor vehicles; extractive industries – lead mining, cement, paving and asphalt products, and lime and stone quarrying; agricultural and food production – agricultural chemicals, feed grains, cattle, hogs, pet foods, pasta products, poultry processing, and cereals.

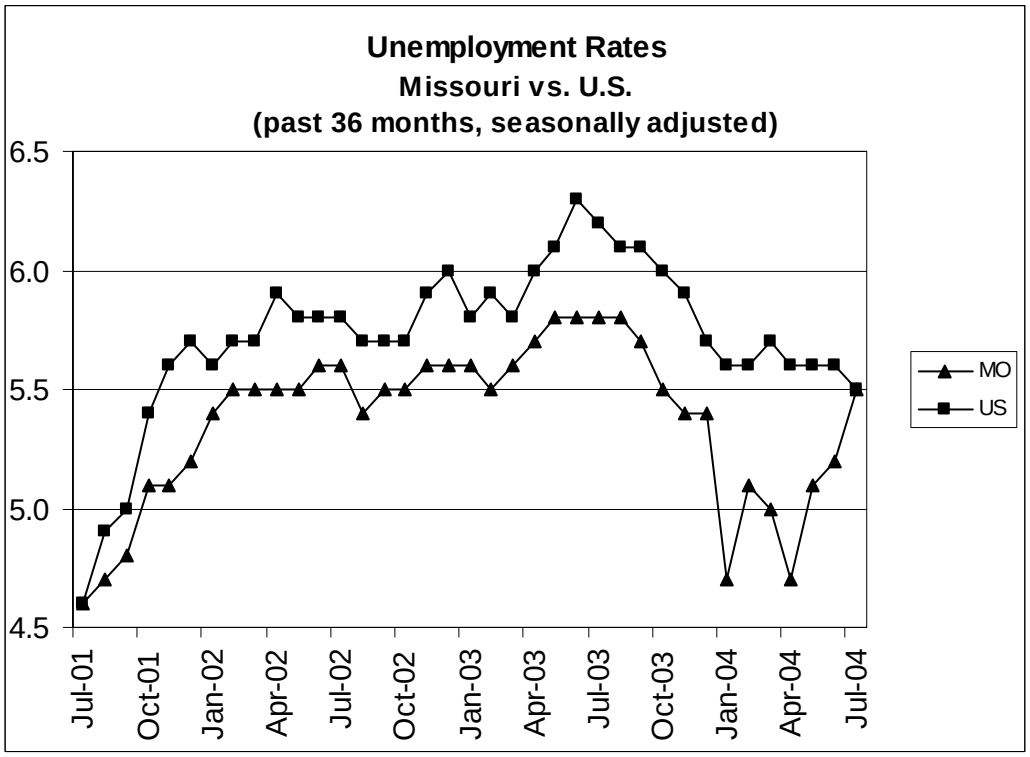
Over the past year, Missouri's exports to other countries have increased substantially resulting in Missouri having the sixth highest export rate in the nation. Through the third quarter of 2004, the majority of exports were sold to Canada at approximately $3 billion, however, substantial exports were also sold to Mexico – $624 million, Japan – $323 million, and China – $283 million. Although diverse products are exported each year, those products with exceptionally high growth rates include minerals and ores, transportation equipment, agricultural products, and chemicals.

Along with Missouri's improving economy, the employment market has also been improving. Since July 2003, national employment has grown by 1.15%, while Missouri employment has grown by 3.12%. June of 2004 showed strong growth and moved Missouri's employment 5,600 jobs above the January 2001 level, the first time cumulative change from the beginning of 2001 has been positive. Missouri is one of only 19 states and the District of Columbia to have registered an increase in the number of jobs since the start of 2001.



Source: Missouri Economic Research and Information Center in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics

Missouri's unemployment rate has been below the U.S. rate, sometimes by a half point or more. The State's rate peaked at 5.8% between the periods of May 2003 to August 2003, and began to edge down after August. About 19,000 fewer Missourians are unemployed now than in June 2003, making the June 2004 unemployment rate 5.2%. The national unemployment rate for June 2004 was 5.6%.



Source: Missouri Economic Research and Information Center in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics

Additional evidence of an improving economy is supported by personal income statistics, which is a measure of income received from production, government or business, and government interest payments before taxes. Missouri's personal income rose by 2.5% in 2003 to total almost $166 billion annually. The 2.5% increase is above the national average of 2.2%, and it is the 2nd highest increase compared to the 8 states bordering Missouri. Per capita personal income also increased during 2003 to an average of $29,094 per year. The average national per capita personal income totaled $31,459. Although Missouri's per capita income is below the national average, as of the 2nd quarter of 2004, Missourians live and work where the cost of living ranks 11th lowest in the nation.

Long-Term Financial Planning

Missouri funding priorities include education, health care, law enforcement, and economic development. In order to maintain adequate funding for those programs, streamlining the State government and reducing expenses have been emphasized. Cost savings have been achieved by reducing the number of state employees, restructuring debt, reducing procurement costs by consolidating the State's buying power, reducing the number of State owned vehicles, reducing Medicaid costs by implementing a prescription drug program, and reducing law enforcement expenses by closing inefficient prisons. Other cost reductions have been achieved through the use of new technologies and the Internet. In addition, some long-term construction and capital improvement projects have been postponed until future years.

Relevant Financial Policies

When increased efficiency and cost reductions have not been sufficient to fully fund Missouri's programs, budget gaps have been temporarily filled by one-time funding sources. The use of these non-recurring funds has increased from fiscal year 2003 to fiscal year 2004. Sources of non-recurring money included tobacco settlement payments, intergovernmental transfers, and federal fiscal relief from the Jobs and Growth Tax Relief Reconciliation Act of 2003.

The complexity of using non-recurring money to fund on-going state operations is growing since the cost of services, such as health care for Medicaid recipients and elementary and secondary education funding under the Foundation Formula, continue to grow without a corresponding growth in revenue. In future years, budget shortfalls will need to be addressed through either additional revenues (recurring or non-recurring) or significant cost reductions in the various state programs.

Major Initiatives

Balancing Missouri's budget in fiscal year 2004 was achieved through sound financial management. At the beginning of the fiscal year, it was estimated that the State would see a slight decline in revenues, but it was later determined that revenue growth would be higher than expected. The higher than expected revenue growth, along with the federal moneys received pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003, prevented significant cuts to education and health care for fiscal year 2004 through December of fiscal year 2005. Personal income trends indicate that Missouri can expect moderate growth during fiscal year 2005. In future years, Missouri will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives.

ACKNOWLEDGEMENTS

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Division of Information Services, and the State Printing Center. We are greatly appreciative to all.

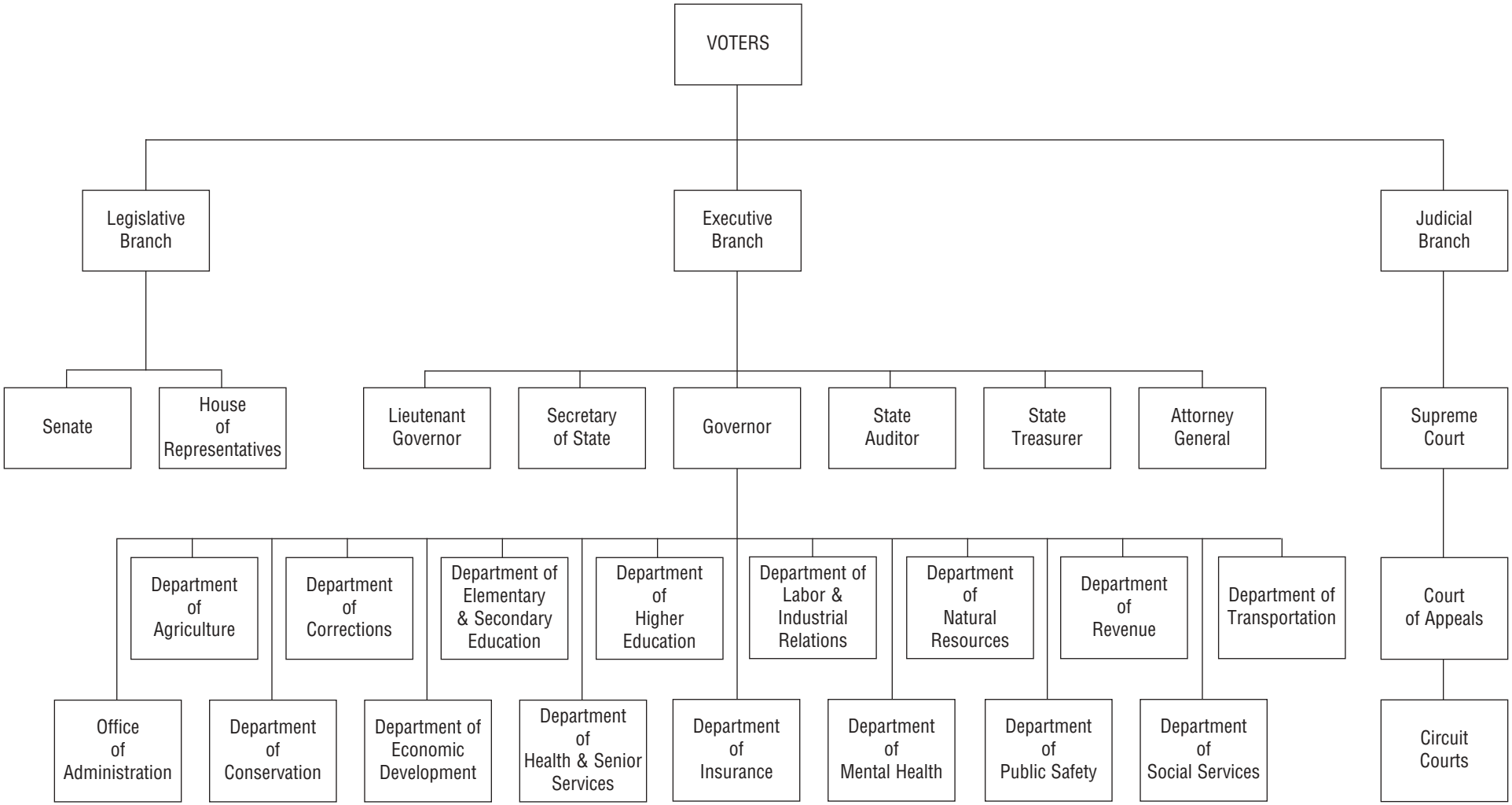
Sincerely,

Jack Dothage, Interim Director
Division of Accounting

STATE OF MISSOURI

Organizational Chart

June 30, 2004



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2004

EXECUTIVE

Bob Holden
Governor

Joe Maxwell
Lieutenant Governor

Matt Blunt
Secretary of State

Claire McCaskill
State Auditor

Nancy Farmer
State Treasurer

Jeremiah W. (Jay) Nixon
Attorney General

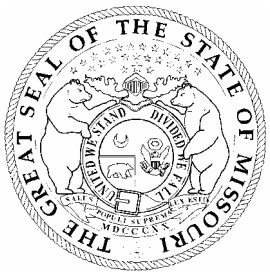
LEGISLATIVE

Peter Kinder
President Pro Tem of the Senate

Catherine Hanaway
Speaker of the House of Representatives

JUDICIAL

Ronnie L. White
Chief Justice of the Supreme Court



*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*

CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Bob Holden, Governor
and
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2004, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan which represents 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represents 39 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represents 92 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 26 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented the Government Accounting Standards Board statement Number 40, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

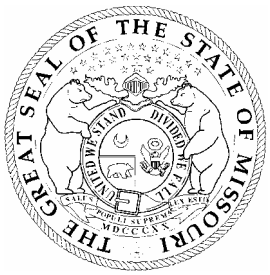
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and

except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Claire McCaskill
State Auditor

December 8, 2004 (fieldwork completion date)



*The **Management's Discussion and Analysis** provides a narrative overview and analysis of the financial activities of the State.*

Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's) financial activities for the fiscal year ended June 30, 2004. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

HIGHLIGHTS

Government-wide:

- Assets of the State's governmental activities exceeded liabilities by $27.3 billion, a decrease in net assets of $396.3 million or 1.4% from the prior year. Of this amount, $767.6 million was reported as "unrestricted net assets" which represents the amount available to fund priority programs. The decrease in net assets was primarily caused by increased long-term liabilities for claims and bonds payable.

- Liabilities of the State's business activities exceeded assets by $78.1 million, a decrease in net assets of $174 million or 181.3% from the prior year. This decrease was primarily related to the Unemployment Compensation Fund which was forced to borrow federal money when expenses exceeded revenue and transfers by $180.1 million.

Fund-level:

- Governmental fund assets exceeded liabilities by $3.4 billion, an increase of $243.4 million or 7.8% from the prior year. Fund net assets were improved because revenue growth was approximately 3.6% during fiscal year 2004. Further, cost saving measures including reducing agency budgets, state employee layoffs, and the consolidation of buying power were utilized.

Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable increased $172 million or 7.4% over the prior year. The outstanding bonds payable represents 44.1% of financial assets (cash, receivables, and investments) and 7.5% of total assets. The net increase in bonds payable resulted from decreases of $76,475,000 due to bond payments and $271,935,000 due to bond refundings and increases of $520,335,000 due to issuances of General Obligation, State Road and Other Bonds. Additional detail is available in *Note 12*.

Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X or the Hancock Amendment. Excess revenue must be refunded to the taxpayers each year. During fiscal year 2004, the State did not exceed the revenue limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

Governmental Activities are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

Business-Type Activities are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, insurance coverage, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

Discretely Presented Component Units are operations for which the State has financial accountability, but are legally separate. They include colleges and universities, the Development Finance Board, Agricultural and Small Business Development Authority, and various highway transportation corporations.

Fund financial statements:

The fund financial statements present more detail about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major Funds include general, public education, conservation and environmental protection, transportation and law enforcement, and the State Road Fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

Proprietary funds. Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health-care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. All internal service funds are combined into a single column in the proprietary fund financial statements. Non-major enterprise funds are combined into a single column for aggregated presentation. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the general fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the State Road, non-major special revenue, debt service, and permanent funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets:

The following table displays the current and prior year government-wide condensed Statement of Net Assets.

STATEMENT OF NET ASSETS
(In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003*	2004	2003*	2004	2003*
ASSETS:						
Current and Other Assets	$ 5,348,843	$ 5,241,571	$ 398,023	$ 286,828	$ 5,746,866	$ 5,528,399
Capital Assets, Net	27,315,652	27,061,983	53,626	53,186	27,369,278	27,115,169
Total Assets	32,664,495	32,303,554	451,649	340,014	33,116,144	32,643,568
LIABILITIES:						
Other Liabilities	1,317,180	1,386,293	305,128	15,741	1,622,308	1,402,034
Long-Term Liabilities Outstanding	4,029,075	3,202,706	224,574	228,298	4,253,649	3,431,004
Total Liabilities	5,346,255	4,588,999	529,702	244,039	5,875,957	4,833,038
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	25,360,979	25,286,468	52,291	51,803	25,413,270	25,338,271
Restricted	1,189,656	1,049,073	(73,743)	113,109	1,115,913	1,162,182
Unrestricted	767,605	1,379,014	(56,601)	(68,937)	711,004	1,310,077
Total Net Assets	$ 27,318,240	$ 27,714,555	$ (78,053)	$ 95,975	$ 27,240,187	$ 27,810,530

*Fiscal year 2003 amounts have been restated.

The State's total net assets decreased $570.3 million dollars or 2.1% during fiscal year 2004. This decrease resulted from increases in bonds and claims payable. Capital assets net of related debt and restricted assets, which do not represent resources available to pay day-to-day operating expenses, increased by $28.7 million or 0.1%.

The largest component of the State's net assets at $25.4 billion or 93.3% is invested in capital assets net of related debt, such as bonds payable or capital lease obligations. These assets include land, infrastructure, buildings, and equipment which are not easily converted to cash nor readily available to pay state debts as they come due.

Restricted net assets of the primary government totaled $1.1 billion or 4.1% of total net assets, a decrease of 4.0% from the prior year. Net assets are restricted for several reasons including constitutional, legal, or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

Changes in Net Assets:

The following table displays the current and prior year government-wide condensed Statement of Activities.

STATEMENT OF ACTIVITIES

(In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003*	2004	2003*	2004	2003*
REVENUES:						
Program Revenues:						
Charges for Services	$ 1,446,914	$ 1,518,752	$ 861,705	$ 784,122	$ 2,308,619	$ 2,302,874
Operating Grants and Contributions	7,328,163	7,205,677	538,948	508,285	7,867,111	7,713,962
General Revenues:						
Sales and Use Taxes	2,827,294	2,668,522	---	---	2,827,294	2,668,522
Income Taxes	4,713,163	4,733,323	---	---	4,713,163	4,733,323
Unemployment and Other Taxes	1,598,490	1,528,952	---	---	1,598,490	1,528,952
Other Revenues	64,736	79,428	(5,722)	16,380	59,014	95,808
Total Revenues	17,978,760	17,734,654	1,394,931	1,308,787	19,373,691	19,043,441
EXPENSES:						
General Government	753,849	574,419	---	---	753,849	574,419
Education	5,377,291	5,303,365	---	---	5,377,291	5,303,365
Natural and Economic	1,030,612	485,384	---	---	1,030,612	485,384
Transportation and Law Enforcement	1,763,705	1,855,132	---	---	1,763,705	1,855,132
Human Services	8,830,049	8,492,667	---	---	8,830,049	8,492,667
State Lottery	---	---	575,067	522,176	575,067	522,176
Unemployment Compensation	---	---	695,647	747,531	695,647	747,531
Petroleum Storage Tank	---	---	12,281	48,818	12,281	48,818
All Other Expenses	838,572	725,537	66,961	57,292	905,533	782,829
Total Expenses	18,594,078	17,436,504	1,349,956	1,375,817	19,944,034	18,812,321
Increase (Decrease) in Net Assets before Transfers	(615,318)	298,150	44,975	(67,030)	(570,343)	231,120
Transfers	219,003	200,664	(219,003)	(200,664)	---	---
Change in Net Assets	(396,315)	498,814	(174,028)	(267,694)	(570,343)	231,120
Net Assets—July 1	27,714,555	27,215,741	95,975	363,669	27,810,530	27,579,410
Net Assets—June 30	$ 27,318,240	$ 27,714,555	$ (78,053)	$ 95,975	$ 27,240,187	$ 27,810,530

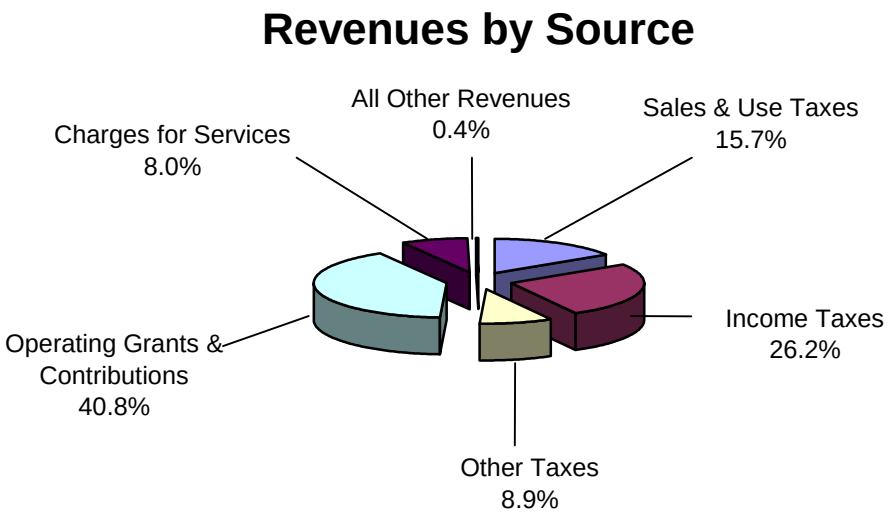
*Fiscal year 2003 amounts have been restated.

As shown on the above schedule, net revenue collections increased by 1.7% over fiscal year 2003. Expenses increased by 6.0% over fiscal year 2003. Those functions with the largest percentage increase include Natural and Economic with 5.2% of total expenses in 2004 vs. 2.6% of total expenses in 2003 and General Government with 3.8% of total expenses in 2004 vs. 3.1% of total expenses in fiscal year 2003.

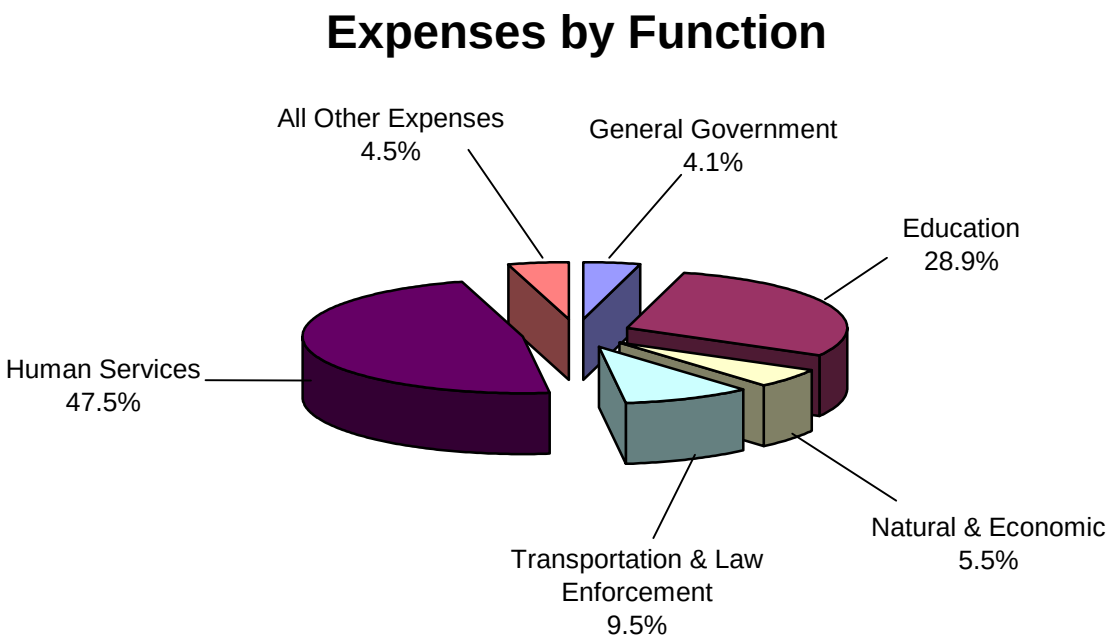
Governmental Activities:

Governmental activities decreased the State's net assets by $396.3 million due to expense growth in natural and economic and human services. Due to limited growth in tax collections, revenue growth was outpaced by expense growth.

The following chart depicts revenues of the governmental activities for the fiscal year:



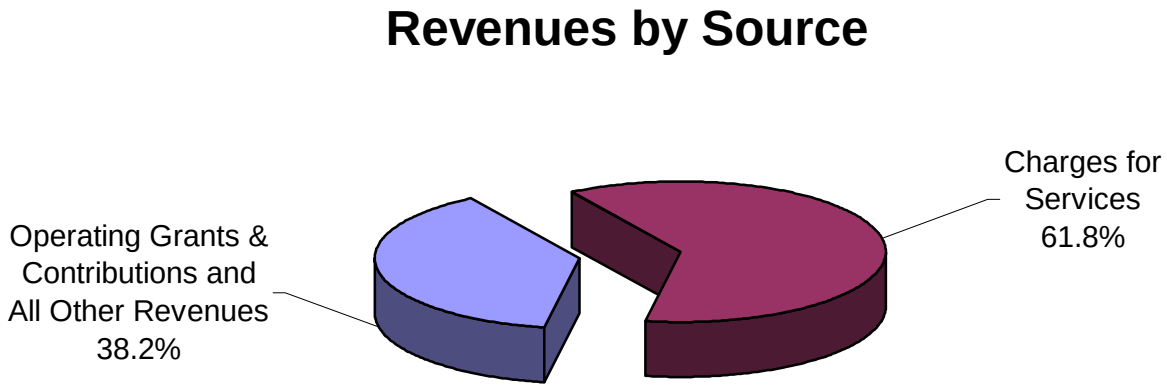
The following chart depicts expenses of the governmental activities for the fiscal year:



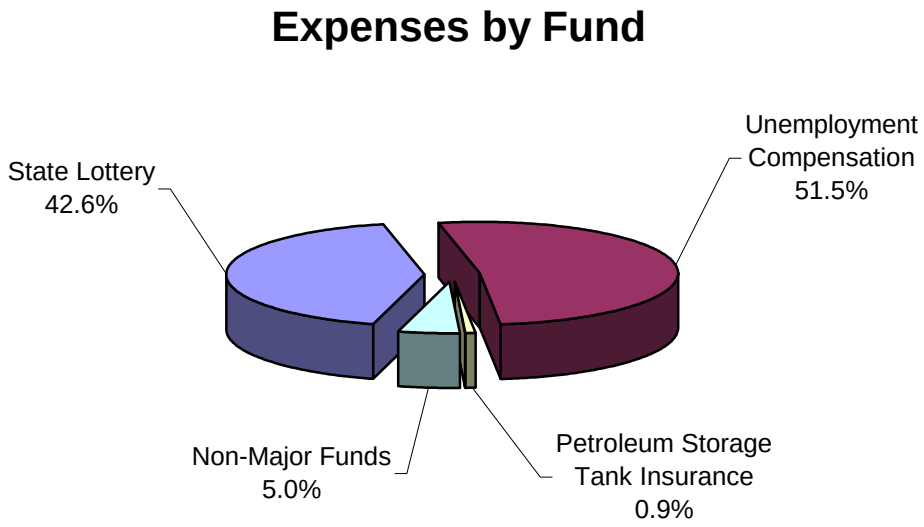
Business-Type Activities:

Net assets of the business-type activities decreased by $174 million during the fiscal year. The primary reason net assets declined relates to the Unemployment Compensation Fund where benefit payments far outpaced employer contributions and Federal loans were obtained for the difference. Lottery also had a significant decline in net assets because of increased transfers to education, however, the decline was offset across all business activities because of gains in the Petroleum Storage Tank Insurance Fund.

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds:

As of the end of fiscal year 2004, the State's governmental funds reported combined ending fund balances of $3.4 billion, an increase of $243.4 million or 7.8% over fiscal year 2003. Approximately 60.4% of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other restricted purposes (see *Note 1*).

Fund balances (in thousands) for governmental funds are as follows:

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major	Total
Unreserved	$ 626,884	$ 197,632	$ 415,604	$ 123,297	$ 223,136	$ 441,467	$ 2,028,020
Reserved	548,469	49	523,599	9,085	106,739	143,725	1,331,666
Total	$ 1,175,353	$ 197,681	$ 939,203	$ 132,382	$ 329,875	$ 585,192	$ 3,359,686

The General Fund is the chief operating fund of the State. At the end of fiscal year 2004, the State's General Fund reported a total fund balance of $1.2 billion. The net increase in fund balance during fiscal year 2004 was $193.6 million. Revenues of the general fund totaled $13.9 billion in fiscal year 2004, an increase of $646.5 million from fiscal year 2003. Factors contributing to this increase included the following:

- Revenue from taxes increased $417 million from fiscal year 2003 to fiscal year 2004. The most significant increase was Individual Income Tax, which increased $202 million or 4.6%. This increase was due to continued economic growth.

- Contributions and intergovernmental revenues increased by $371.6 million during fiscal year 2004 due primarily to an increase of $125 million in federal receipts for grants or programs financed by the U.S. Department of Health and Human Services and an increase of $99.5 million from federal receipts for grants or programs financed by miscellaneous federal sources.

- Cost reimbursement/miscellaneous revenues decreased $93.5 million in fiscal year 2004. This was primarily due to a decrease within recovery costs of $114.1 million because of a reduction in money recovered from outside parties.

Expenditures of the General Fund totaled $11.5 billion in fiscal year 2004, an increase of $110.1 million from fiscal year 2003. The factors contributing to the increase included the following:

- An increase to human services expenditures of $306.8 million due primarily to a $218.1 million increase in payments for mental health services provided. There was also an increase of $59.2 million in payments to individual recipients for social welfare and an increase of $58 million in payments to doctors, hospitals, and similar institutions who provide medical treatment to social welfare recipients.

- Debt service principal expenditures decreased by $56.7 million due to debt refinancing.

The public education fund category provides general and special education services to the children of the State and other related functions such as library services and student loans. Total fund balance increased by $20.7 million. Expenditures of the public education funds totaled $3.6 billion in fiscal year 2004, an increase of $44.9 million from fiscal year 2003. The major factor that contributed to this was an increase of $60.9 million in the education expenditures for an increase in aid to educational institutions and school districts for expenditures by the institution or the district. There was also an increase of $176.3 million to other financing sources and uses due to more General Revenue funding and an increase in funds from Lottery.

The conservation and environmental protection fund category provides for the preservation of the State's wildlife and environment. The fund balance increased by $81.9 million. Revenues of the conservation and environmental protection funds totaled $342.4 million for fiscal year 2004, an increase of $1.7 million from fiscal year 2003. The factors contributing to the increase included the following:

- Taxes increased $4.2 million primarily from an increase of $3.6 million in conservation sales and use tax.

- Contributions and intergovernmental revenues decreased $5.6 million due mainly to a decrease of $6.3 million in federal receipts for grants or programs financed by the U.S. Environmental Protection Agency.

- Penalties and Unclaimed Properties increased $1 million due to an increase in money received by the state to settle claims for goods, services or damages against the state.

Expenditures of the conservation and environmental protection funds totaled $267.9 million for fiscal year 2004, an increase of $19.5 million. The main factor that contributed to this was an increase of $101.9 million to Intergovernmental Expenditures due to an increase in both aid to local governments and loans disbursed to other entities.

The transportation and law enforcement fund category provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance increased by $15.6 million. Revenues increased $23.6 million during fiscal year 2004. The major factor contributing to this was an increase of $39.3 million in tax revenues due primarily to an increase of $22.4 million in receipts of tax on gasoline for use in motor vehicles.

The State Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance increased by $20.9 million in fiscal year 2004. Revenues of the State Road Fund decreased during fiscal year 2004 by $119.4 million. The major factor contributing to this was a decrease of $82.1 million in Contributions and Intergovernmental revenues due mainly to a decrease of $60.8 million in federal receipts for grants or programs financed by the U.S. Department of Transportation. Other Financing Sources/Uses increased by $243.4 million during Fiscal Year 2004. The main factor for this was an increase in proceeds from Other Bonds of $254 million due to an issuance of State Road Bonds.

Proprietary Funds:

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the "Unemployment Compensation Law". This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses from petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of tanks in the country.

The State Lottery Fund's net assets decreased by $7.3 million. Although operating income increased because of more robust sales, transfers of public education also increased and the value of investments held for grand prize winners decreased substantially.

The Unemployment Compensation Fund's net assets decreased by $180.1 million due to employer contributions and intergovernmental revenues insufficient to pay claims. During the year, loans from the Federal government were obtained as allowed by Title XII of the Social Security Act. The outstanding Federal liability was $288.6 million at June 30, 2004.

The Petroleum Storage Tank Insurance Fund's net assets increased by $13.6 million due to significantly reduced environmental cleanup expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to estimated appropriations.

Budgeted appropriations for fiscal year 2004 from the general fund were $15.2 billion original budget and $15.5 billion revised budget. Actual spending was $14.7 billion. Reasons for the budget variances include:

- Revenue refunds were less than expected partially due to lower tax credit utilization.
- Federal grants received were lower than appropriation authority.
- The late receipt of federal moneys and late contract completion moved some expenditures from fiscal year 2004 to fiscal year 2005.
- Multiple year grants are appropriated in one year but the expenditures may occur over several years.
- Appropriation authority exceeded cash available for expenditures.
- Federal moneys related to Medicaid were lost because the Department of Social Services did not have available the money for the required state match.

Budgeted revenues/transfers in for fiscal year 2004 for the general fund was $14.7 billion original budget and $14.8 billion revised budget. Actual revenue/transfers in was $14.8 billion. Reasons for the budget variances include:

- Revenue growth in fiscal year 2004 outpaced economic growth forecasts for the State. Many economic forecasting experts predicted strong growth in production, but slow growth in jobs. Since Missouri's revenues are highly dependent on withholding and sales taxes, continued conservatism in the forecast was justified.
- Tax changes at the Federal level, particularly the Jobs and Growth Tax Relief Reconciliation Act of 2003, created uncertainty and posed substantial downside risk. While some provisions of the Act benefited Missouri's revenues, the Act also raised the standard deduction for many filers and enhanced depreciation allowances.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 95 for more information on budgetary variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2004, was $27.4 billion (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure. The total increase in the State's investment in capital assets for the current fiscal year was 0.9%.

Capital Assets of the State include (In Thousands):

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	$ 582,409	$ 4,465	$ 586,874
Infrastructure in Progress	3,011,466	---	3,011,466
Land	2,390,597	16,134	2,406,731
Land Improvements	90,489	7,068	97,557
Buildings and Improvements	2,014,569	26,757	2,041,326
Equipment	1,120,022	45,880	1,165,902
Infrastructure	37,312,836	---	37,312,836
Total	$ 46,522,388	$ 100,304	$ 46,622,692

Additional information on capital assets can be found in *Note 5* of this report.

Long-term debt:

At the end of fiscal year 2004, the State had total general obligation and other bonded debt outstanding of $2.5 billion. Of this amount, $855.1 million comprises debt backed by the full faith and credit of the government.

During fiscal year 2004, $150,305,000 of general obligation refunding bonds were issued to refund $155,920,000 of general obligation bonds and to take advantage of lower interest rates. Other revenue refunding bonds of $116,030,000 were issued to refund $116,015,000 of other revenue bonds and to take advantage of lower interest rates. Other bonds were issued in the amount of $254,000,000. Principal amounts retired in fiscal year 2004 were $40,015,000 for general obligation bonds and $36,460,000 for other revenue bonds.

The State of Missouri is proud to be one of only seven states to maintain a Triple-A credit rating from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

Outstanding bonds payable of the State include (In Thousands):

	Governmental Activities	Component Units	Total
General Obligation Bonds	$ 855,115	$ ---	$ 855,115
Other Bonds	1,628,510	975,769	2,604,279
Total	$ 2,483,625	$ 975,769	$ 3,459,394

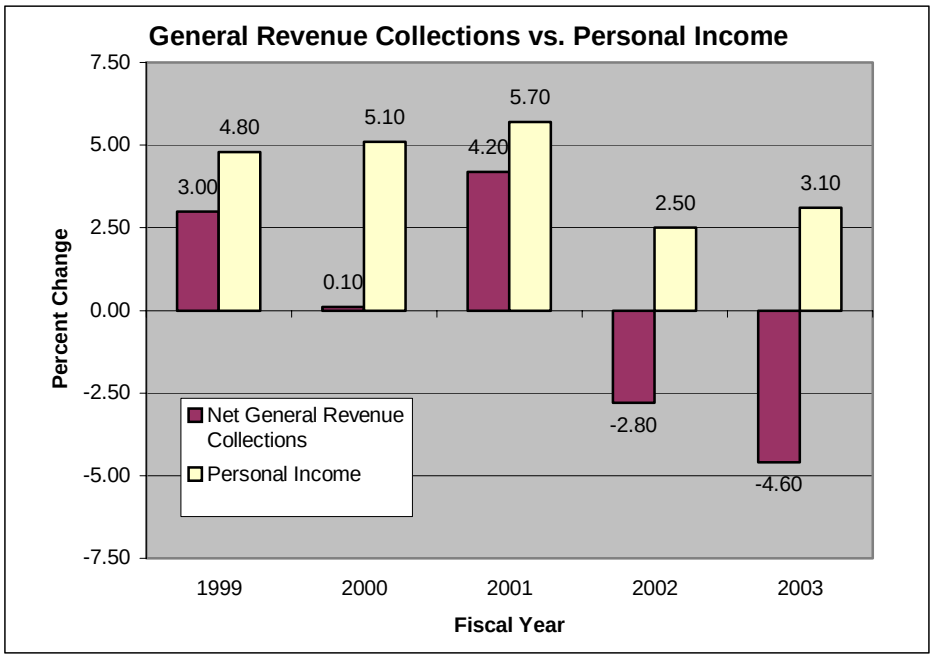
Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The economic future of Missouri is increasingly positive as evidenced by improving economic indicators and statistics. Since July of 2003, the State's jobs growth was ranked second in the nation with the addition of more than 80,000 jobs, an increase of more than 3%. In addition to improving employment numbers, Missouri's economy is expanding as evidenced by the purchasing manager's index that considers variables such as new orders, inventory levels, and production. Further, Missouri's cost of living remains well below the nation average, currently ranked 37th out of 48 participating states.

While Missouri's economic outlook is positive, the State faces significant funding challenges including Medicaid, elementary and secondary education, higher education, and the correctional institutions. The State's fiscal year 2004 net revenue collections, although growing, are still below the pre-recession collections of fiscal year 2001. Simultaneously, the expenditure demands of priority programs continue to outpace general revenue collections.

The primary source of Missouri's net revenue collections is personal income tax, which accounts for approximately 60% of total tax collections. In recent years however, changes in personal income have not been mimicked by similar changes in income tax collections as shown in the following chart:



One explanation for the difference is that Missouri's income tax calculation is directly connected to the federal tax calculations. Any tax cut passed by the federal government, such as the Jobs and Growth Relief Reconciliation Act of 2003, results in additional tax cuts at the state level. A second explanation is that Missouri has numerous tax credits, which are redeemed at the taxpayer's discretion.

Costs of the Medicaid program have been growing substantially in recent years, consistent with the overall increase in health care in this country. The State continues to pursue cost containment measures including reducing the number of Missourians receiving Medicaid by more than 34,000 people and adopting a pharmacy program which has saved more than $300 million dollars. For fiscal year 2005, the Medicaid program is anticipated to cost an additional 30% in general revenue spending.

Challenges also exist regarding funding for elementary and secondary education. Education continues to be a high priority therefore; the elementary and secondary education budget has not been cut to the extent that other state departments have in recent years. In Missouri, education is the biggest single expenditure with increases of approximately 10% per year. On January 6, 2004, Missouri schools filed a lawsuit against the State over both the equity of funding between schools and the overall adequacy of school funding. Although this lawsuit is still pending, an additional $600 million is needed to fully fund the current school funding formula in fiscal year 2005 and an estimated $800 million is needed in fiscal year 2006.

The State's colleges and universities have experienced substantial funding cuts. As a result, tuition increased at public colleges and universities an average of 14.8% while tuition increased at community colleges an average of 9.3%.

Another significant challenge facing Missourians is the continued operation and maintenance of the State's correctional facilities. Due to strict enforcement of sentencing laws, Missouri's prison population has been expanding in recent years creating increased pressure to build additional, expensive correctional facilities. During fiscal year 2004, increased research efforts and initiatives focused on improving rehabilitation and reducing re-entry of offenders. Additionally, legislative changes passed in Senate Bill 5 reduce the sentencing requirements for certain non-violent crimes while strengthening penalties related to violent crimes. Senate Bill 5 also allows the Department of Corrections more flexibility relating to certain treatment programs by reducing the minimum duration and adding incentives for successful completion.

Although Missouri faces significant challenges in the future, the State is working diligently to stimulate the economy, increase efficiency in government, and reduce costs when possible. In the past year, several legislative initiatives have passed to attain these goals including HB289 Missouri Downtown and Rural Economic Stimulus Act which assists communities in funding infrastructure projects, SB299 Performance Based Budgeting and Sunset Act which requires departmental budgets be based on performance, and the implementation of the SmartBuy program which helps the state consolidate purchasing power and reduce costs. These measures in addition to continued departmental actions to reduce costs and create efficiencies will result in Missourians continuing to be well served by their state government.

Events taking place after the State's fiscal year end include:

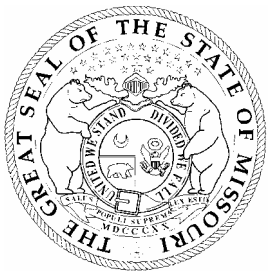
- Governor Bob Holden announced plans to open a state marketing office in Shanghai, China to assist Missouri companies compete in one of the world's fastest growing markets. Currently, China is Missouri's 5th largest trading partner. The Shanghai office will join Missouri's established international offices in Tokyo, Japan and Seoul, South Korea.

- Missouri's first "green" state office building, the Lewis and Clark State Office Building, was dedicated on October 24, 2004. The Missouri Department of Natural Resources staff will eventually occupy the new building which is expected to use 53% less energy than other comparably sized buildings. A few of the innovative building features include: water collection and recycling system that collects runoff from the roof and flush toilets, building design that utilizes natural sunlight, emphasis on recycled construction materials, and solar energy collectors on the roof.

- Missouri is the third state in the nation, along with Illinois and Wisconsin, to participate in the I-SaveRx program. The new program will allow Missouri citizens to purchase lower cost prescription drugs from 45 inspected and approved pharmacies in Canada, the United Kingdom, and Ireland.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements and the accompanying notes to the statements.*

STATE OF MISSOURI
COMBINED STATEMENT OF NET ASSETS
June 30, 2004
(In Thousands of Dollars)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	$ 850,128	$ 135,853	$ 985,981	$ 349,696
Investments (Note 3)	2,102,645	51,937	2,154,582	1,535,060
Receivables, Net (Note 14)	2,125,410	154,237	2,279,647	479,724
Internal Balances	20,234	(20,234)	---	---
Inventories	71,174	1,178	72,352	39,811
Deposits and Prepaid Expenses	53	113	166	24,669
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	122,990	---	122,990	65,691
Investments (Note 3)	15,099	74,824	89,923	65,292
Receivables, Net	---	---	---	4,731
Deferred Costs and Other Assets	41,110	---	41,110	18,989
Assets Held for Resale	---	115	115	---
Capital Assets (Note 5):				
Non-depreciable	5,984,472	20,599	6,005,071	641,239
Depreciable, Net	21,331,180	33,027	21,364,207	2,290,063
Total Assets	32,664,495	451,649	33,116,144	5,514,965
Liabilities				
Bank Overdraft (Notes 3 and 10)	3	---	3	---
Payables (Note 14)	1,253,993	304,525	1,558,518	412,471
Securities Lending Collateral (Note 3)	---	---	---	61,196
Deferred Revenue (Note 1)	63,184	603	63,787	93,716
Long-Term Liabilities (Note 11):				
Due within one year	357,695	66,153	423,848	59,620
Due in more than one year	3,671,380	158,421	3,829,801	962,552
Total Liabilities	5,346,255	529,702	5,875,957	1,589,555
Net Assets				
Invested in Capital Assets, Net of Related Debt	25,360,979	52,291	25,413,270	2,082,553
Restricted for:				
Budget Reserve	444,926	---	444,926	---
Debt Service	173,889	---	173,889	---
Loans Receivable	525,998	---	525,998	---
Unemployment Compensation	---	(83,025)	(83,025)	---
Permanent Trusts:				
Expendable	81	---	81	---
Non-Expendable	44,762	---	44,762	---
Colleges and Universities:				
Expendable	---	---	---	396,457
Non-Expendable	---	---	---	515,094
Other Purposes	---	9,282	9,282	80,991
Unrestricted	767,605	(56,601)	711,004	850,315
Total Net Assets	$ 27,318,240	$ (78,053)	$ 27,240,187	$ 3,925,410

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government:								
Governmental Activities:								
General Government	$ 753,849	$ 502,261	$ 175,143	$ ---	$ (76,445)	$ ---	$ (76,445)	$ ---
Education	5,377,291	26,241	899,166	---	(4,451,884)	---	(4,451,884)	---
Natural and Economic	1,030,612	204,098	329,767	---	(496,747)	---	(496,747)	---
Transportation and Law Enforcement	1,763,705	309,045	907,227	---	(547,433)	---	(547,433)	---
Human Services	8,830,049	404,624	5,016,860	---	(3,408,565)	---	(3,408,565)	---
Intergovernmental	715,309	---	---	---	(715,309)	---	(715,309)	---
Interest on Debt	123,263	645	---	---	(122,618)	---	(122,618)	---
Total Governmental Activities	18,594,078	1,446,914	7,328,163	---	(9,819,001)	---	(9,819,001)	---
Business-Type Activities:								
State Lottery Fund	575,067	804,076	---	---	---	229,009	229,009	---
Unemployment Compensation Fund	695,647	---	515,557	---	---	(180,090)	(180,090)	---
Petroleum Storage Tank Insurance	12,281	25,583	---	---	---	13,302	13,302	---
Non-Major Funds	66,961	32,046	23,391	---	---	(11,524)	(11,524)	---
Total Business-Type Activities	1,349,956	861,705	538,948	---	---	50,697	50,697	---
Total Primary Government	$ 19,944,034	$ 2,308,619	$ 7,867,111	$ ---	(9,819,001)	50,697	(9,768,304)	---
Component Units:								
Colleges and Universities	$ 2,543,318	$ 1,443,222	$ 1,188,889	$ 113,862	---	---	---	202,655
Non-Major Component Units	6,406	4,735	8,297	---	---	---	---	6,626
Total Component Units	$ 2,549,724	$ 1,447,957	$ 1,197,186	$ 113,862	---	---	---	209,281
General Revenues:								
Taxes:								
Sales and Use					2,827,294	---	2,827,294	---
Individual Income					4,396,723	---	4,396,723	---
Corporate Income					316,440	---	316,440	---
County Foreign Insurance					155,657	---	155,657	---
Alcoholic Beverage					26,905	---	26,905	---
Corporate Franchise					87,739	---	87,739	---
Inheritance					72,117	---	72,117	---
Miscellaneous Taxes					1,256,072	---	1,256,072	---
Grants and Contributions not Restricted to Specific Programs					44,025	---	44,025	---
Unrestricted Investment Earnings					20,711	(5,785)	14,926	116,112
Gain (Loss) on Sale of Capital Assets					---	63	63	(717)
Transfers					219,003	(219,003)	---	---
Total General Revenues and Transfers					9,422,686	(224,725)	9,197,961	115,395
Change in Net Assets					(396,315)	(174,028)	(570,343)	324,676
Net Assets - Beginning					27,714,555	95,975	27,810,530	3,600,734
Net Assets - Ending					$ 27,318,240	$ (78,053)	$ 27,240,187	$ 3,925,410

The notes to the financial statements are an integral part of this statement.

*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented as part of Supplementary Information for listings of all funds included in the General Fund.

Major Special Revenue Fund Categories:

Public Education – Provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – Provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds that make up our Major Special Revenue Fund categories.

Major Capital Projects Fund:

State Road – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

Special Revenue – Public Education: Provides general and special education needs of the State and other related areas such as library services and student loans.

Marguerite Ross Barnett Scholarship – Accounts for moneys refunded from scholarships to be reissued.

School District Bond – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

School Building Revolving – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

Gaming Proceeds for Education – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

Outstanding Schools Trust – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

Bingo Proceeds for Education – Accounts for fees and taxes collected relating to bingo to be used for education.

Lottery Proceeds – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary and higher education.

Missouri Community College Job Training Program – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

Professional and Practical Nursing Student Loan and Nurse Loan Repayment – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

Video Instructional Development and Educational Opportunity – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

Missouri Job Development – Accounts for moneys from any source and used for vocational training or retraining.

State School Money – Accounts for funds distributed to public school districts.

Department of Social Services Educational Improvement – Accounts for moneys from the Department of Elementary and Secondary Education, and is used for school foundation money for children placed in Division of Youth Services' custody.

State Seminary Money – Accounts for interest earnings to be spent for maintenance of the State university.

State Guaranty Student Loan – Accounts for funds from any source to assist students in financing their education.

Excellence in Education – Accounts for moneys to be spent for education programs.

Missouri Prospective Teachers Loan – Accounts for funds from any source to assist students in financing their education to become teachers.

Fair Share – Accounts for additional tax on cigarettes for distribution to schools.

School District Trust – Accounts for sales tax moneys to be distributed to the public school districts of the State.

GEAR UP Scholarship – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

Schools for the Future – Accounts for moneys received as a result of the amnesty program to be transferred to the State Schools Money Fund, and subsequently paid out to school districts as part of the monthly school foundation formula.

Library Networking – Accounts for bequests received to be used for library networking expenses.

Student Grant – Accounts for moneys used to provide financial aid to eligible students.

Academic Scholarship – Accounts for moneys to be used to provide scholarships based on academic ability.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

Advantage Missouri Trust – Accounts for moneys to provide loans and loan forgiveness programs.

Missouri College Guarantee – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board of Higher Education for awarding scholarships to eligible students.

Early Childhood Development Education and Care – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

Kids Chance Scholarship – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

Guaranty Agency Operating – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

Federal Student Loan Reserve – Accounts for moneys to pay lender claims.

Secretary of State – Wolfner State Library – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

Special Revenue – Conservation and Environmental Protection: Provides for the preservation of the State's wildlife and environment.

Missouri Air Emission Reduction – Accounts for fees collected under the Emissions Inspections Program.

Natural Resources Protection – Accounts for moneys collected for examinations, applications, certifications and inspections used for the purpose of protecting the air, water and land resources of the State.

Natural Resources Protection – Water Pollution Permit Fee Subaccount – Accounts for moneys to be used for the protection of State water.

Solid Waste Management – Scrap Tire Subaccount – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

Solid Waste Management – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

Metallic Minerals Waste Management – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

Natural Resources Protection – Air Pollution Asbestos Fee Subaccount – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

Underground Storage Tank Regulation Program – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

Chemical Emergency Preparedness – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

Natural Resources Protection – Air Pollution Permit Fee Subaccount – Accounts for moneys to be used to protect the air, water and land resources of the State.

Water and Wastewater Loan Revolving – Accounts for loans and loan repayments under the Wastewater Loan Program.

Conservation Commission – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

Parks Sales Tax – Accounts for sales tax moneys spent to control, manage and regulate state parks.

Soil and Water Sales Tax – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

Water and Wastewater Loan – Accounts for moneys from any source received for wastewater construction loans.

Groundwater Protection – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

Energy Set-Aside Program – Accounts for moneys appropriated and any gifts, grants and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

State Land Survey Program – Accounts for fees collected from state recorders and used for land survey programs.

Petroleum Violation Escrow – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

Hazardous Waste – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

Safe Drinking Water – Accounts for fees and grants from any source for the administration of safe drinking water laws.

Coal Mine Land Reclamation – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

Hazardous Waste Remedial – Accounts for moneys from fees, penalties and from any other source for administering hazardous waste services.

Missouri Air Pollution Control – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

Meramec-Onondaga State Parks – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

Oil and Gas Remedial – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

Biodiesel Fuel Revolving – Accounts for moneys to be used to pay for incremental cost of biodiesel fuel for use in state vehicles, and for administration costs of the program.

Stormwater Loan Revolving – Accounts for the receipt of repayment for stormwater control project loans to be used for the construction of stormwater control projects.

Rural Water and Sewer Loan Revolving – Accounts for the receipt of repayment for rural water and sewer control project loans to be used for the construction of rural water and sewer loan projects.

Concentrated Animal Feeding Operation Indemnity – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

Missouri Alternative Fuel Vehicle Loan – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

Petroleum Violation Escrow Interest Subaccount – Accounts for interest earnings to be used for administrative costs of energy programs.

Missouri Lead Abatement Loan – Accounts for moneys to be used in carrying out lead abatement projects.

Dry-Cleaning Environmental Response Trust – Accounts for moneys received from surcharges, fees, gifts, bequests, donations and moneys recovered by the State to be used to protect human health and natural resources.

Mined Land Reclamation – Accounts for fees, forfeiture of bonds, penalties and gifts and used for the administration and enforcement of these laws.

Babler State Park – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

Special Revenue – Transportation and Law Enforcement: Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Peace Officer Standards and Training Commission – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

Transportation Department Grade Crossing Safety Account – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

Highway Patrol Inspection – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

Firing Range Fee – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

Highway and Transportation Department – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce state motor vehicle laws or traffic regulations.

Railroad Expense – Accounts for assessments used to administer and enforce railroad regulations.

Motor Fuel Tax – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

Highway Patrol Academy – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

State Transportation – Accounts for moneys from sales taxes and other sources to be used for state transportation purposes other than construction or maintenance of roads.

Highway Patrol's Motor Vehicle and Aircraft Revolving – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

Highway Patrol Traffic Records – Accounts for copy fees received by the Highway Patrol for reports, photographs, and other data relating to investigated motor vehicle accidents.

Antiterrorism – Accounts for individual contributions received to be used for antiterrorism and emergency response activities undertaken by State and local law enforcement, fire protection, and public health agencies.

State Transportation Assistance Revolving – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purposes.

Aviation Trust – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons and safety-related items.

STATE OF MISSOURI
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2004
ASSETS							
Cash and Cash Equivalents (Note 3)	$ 364,684	$ 56,194	$ 109,964	$ 17,164	$ 46,796	$ 146,311	$ 741,113
Investments (Note 3)	857,262	128,141	300,722	36,491	272,183	439,366	2,034,165
Accounts Receivable, Net	1,274,377	53,513	17,873	116,708	77,388	12,544	1,552,403
Interest Receivable	4,285	409	1,297	214	1,932	1,345	9,482
Due from Other Funds (Note 15)	82	18,218	505	12	359	171	19,347
Due from Component Units (Note 15)	---	---	621	---	1,157	---	1,778
Inventories	20,790	49	808	6,585	30,451	655	59,338
Advance to Component Units (Note 15)	---	---	3,590	---	3,646	---	7,236
Loans Receivable	---	---	522,791	2,500	---	707	525,998
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	---	---	---	---	76,288	---	76,288
Total Assets	$ 2,521,480	$ 256,524	$ 958,171	$ 179,674	$ 510,200	$ 601,099	$ 5,027,148
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 736,711	$ 41,358	$ 3,669	$ 24,883	$ 78,894	$ 4,648	$ 890,163
Accrued Payroll	53,886	428	4,654	19,787	---	2,795	81,550
Due to Other Funds (Note 15)	25,147	232	1,785	2,038	356	1,903	31,461
Due to Component Units (Note 15)	---	---	---	---	17,454	---	17,454
Deferred Revenue (Note 1)	468,776	16,825	8,860	584	39,476	6,561	541,082
Advance from Other Funds (Note 15)	61,607	---	---	---	---	---	61,607
Advance from Component Units (Note 15)	---	---	---	---	44,145	---	44,145
Total Liabilities	1,346,127	58,843	18,968	47,292	180,325	15,907	1,667,462
Fund Balances:							
Reserved for (Note 1):							
Budget Reserve	444,926	---	---	---	---	---	444,926
Inventories	20,790	49	808	6,585	30,451	655	59,338
Future Distribution	77,092	---	---	---	---	---	77,092
Landfill Postclosure	902	---	---	---	---	---	902
Taxes	4,759	---	---	---	---	---	4,759
Debt Service	---	---	---	---	76,288	97,601	173,889
Loans Receivable	---	---	522,791	2,500	---	707	525,998
Trust Principal	---	---	---	---	---	44,762	44,762
Unreserved, Reported In:							
General Fund	626,884	---	---	---	---	---	626,884
Special Revenue Funds	---	197,632	415,604	123,297	---	245,170	981,703
Capital Projects Funds	---	---	---	---	223,136	196,216	419,352
Permanent Funds	---	---	---	---	---	81	81
Total Fund Balances	1,175,353	197,681	939,203	132,382	329,875	585,192	3,359,686
Total Liabilities and Fund Balances	$ 2,521,480	$ 256,524	$ 958,171	$ 179,674	$ 510,200	$ 601,099	$ 5,027,148

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE COMBINING BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE COMBINED STATEMENT OF NET ASSETS
June 30, 2004
(In Thousands of Dollars)

Total Fund Balances - Governmental Funds		$ 3,359,686
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental funds are not financial resources and they are not reported in the funds. These assets consist of (Note 5):		
Construction in Progress	427,219	
Infrastructure in Progress	3,011,466	
Land	2,382,176	
Land Improvements	87,665	
Buildings and Improvements	1,775,196	
Equipment	1,047,548	
Infrastructure	37,312,836	
Accumulated Depreciation	(19,024,431)	
		27,019,675
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1).		497,639
Long-term assets held for the State with a paying agent to make interest payments on bonds.		37,888
Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets.		41,110
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 11 and 12):		
Due to Other Entities	(32,228)	
General Obligation and Other Bonds	(2,483,625)	
Capital Leases	(193,538)	
Compensated Absences	(150,059)	
Net Pension Obligation	(99,018)	
Claims and Judgements	(965,201)	
Accrued Interest on Bonds	(36,710)	
Unamortized Bond Premium	(97,862)	
		(4,058,241)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Assets.		420,483
Net Assets of Governmental Activities		$ 27,318,240

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2004
Revenues:							
Taxes	$ 6,863,914	$ 1,023,904	$ 167,067	$ 769,226	$ 133,236	$ 175,973	$ 9,133,320
Licenses, Fees and Permits	71,097	704	74,962	162,502	103,872	154,376	567,513
Sales	2,798	---	7,652	5,060	---	1,135	16,645
Leases and Rentals	3,945	---	114	10	---	---	4,069
Services	160,267	1	---	---	---	260	160,528
Contributions and Intergovernmental	6,612,460	32,415	84,221	568	660,350	12,569	7,402,583
Investment Earnings:							
Net Decrease in the Fair Value of Investments	(7,758)	(1,154)	(3,045)	(360)	(19,010)	(102)	(31,429)
Interest	24,740	2,581	7,333	1,548	5,793	8,951	50,946
Penalties and Unclaimed Properties	703	752	1,263	441	---	18,194	21,353
Cost Reimbursement/ Miscellaneous	201,582	35,587	2,844	742	55,580	176,139	472,474
Total Revenues	13,933,748	1,094,790	342,411	939,737	939,821	547,495	17,798,002
Expenditures:							
Current:							
General Government	349,830	452	10,873	26,667	---	108,519	496,341
Education	1,802,480	3,566,150	68	16	---	2,340	5,371,054
Natural and Economic Resources	231,611	16,012	22,178	153	---	174,664	444,618
Transportation and Law Enforcement	141,006	3	285	521,152	216,740	29,204	908,390
Human Services	8,610,624	17,397	901	658	---	158,544	8,788,124
Capital Outlay:							
Current Expenditures	100,685	7,279	27,668	10,862	995,573	16,609	1,158,676
Capital Lease Purchases	777	---	147	346	3,240	---	4,510
Debt Service:							
Principal	21,997	---	805	228	23,455	40,541	87,026
Interest	37,970	---	260	169	32,343	40,861	111,603
Bond Issuance Costs	555	---	---	---	820	---	1,375
Underwriter's Discount	428	---	---	---	---	307	735
Intergovernmental	206,251	5	204,762	195,708	85,924	21,801	714,451
Total Expenditures	11,504,214	3,607,298	267,947	755,959	1,358,095	593,390	18,086,903
Excess Revenues (Expenditures)	2,429,534	(2,512,508)	74,464	183,778	(418,274)	(45,895)	(288,901)
Other Financing Sources (Uses):							
Proceeds from Capital Leases	777	---	147	346	3,240	---	4,510
Proceeds from General Obligation/Other Bonds	116,030	---	---	---	254,000	150,305	520,335
Payments to Escrow Agent	(122,969)	---	---	---	---	(161,236)	(284,205)
Bond Premium	7,366	---	---	---	9,559	11,301	28,226
Proceeds from Fixed Asset Sale	305	5	24	1	3,341	10	3,686
Transfers In (Note 16)	141,526	2,536,161	11,187	4,672	169,023	125,934	2,988,503
Transfers Out (Note 16)	(2,376,343)	(3,016)	(3,853)	(175,143)	---	(170,220)	(2,728,575)
Total Other Financing Sources (Uses)	(2,233,308)	2,533,150	7,505	(170,124)	439,163	(43,906)	532,480
Net Change in Fund Balances	196,226	20,642	81,969	13,654	20,889	(89,801)	243,579
Fund Balances - Beginning (Note 17)	981,730	177,019	857,342	116,765	308,986	674,462	3,116,304
Increase (Decrease) in Reserve for Inventory	(2,603)	20	(108)	1,963	---	531	(197)
Fund Balances - Ending	$ 1,175,353	$ 197,681	$ 939,203	$ 132,382	$ 329,875	$ 585,192	$ 3,359,686

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

Net Change in Fund Balances - Total Governmental Funds		$ 243,579
Amounts reported for governmental activities in the Statement of Activities are different because:		
Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Decrease in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.		(197)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays of $1,072,114 exceeds depreciation of $874,883 in the current period.		197,231
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(34,488)
Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of Net Assets (Note 12).		
Bonds Issued	(520,335)	
Bond Premiums, Issuance, and Refunding Costs	(14,581)	
Bond Principal Payments	348,410	
Capital Leases Issued	(4,510)	
Capital Lease Payments	19,572	
		(171,444)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Notes 11 and 12).		
Amortization of Bond Premiums, Issuance, and Refunding Costs	6,460	
Net Increase in Accrued Interest	(508)	
Decrease in Restricted Cash	(17,711)	
Decrease in Due to Other Entities	1,993	
Decrease in Compensated Absences	1,251	
Increase in Claims and Judgements	(652,289)	
Increase in Net Pension Obligation	(2,502)	
		(663,306)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities.		32,310
Change in Net Assets of Governmental Activities		$ (396,315)

The notes to the financial statements are an integral part of this statement.

*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

Proprietary Fund Financial Statements

Major Funds

State Lottery – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – Accounts for contributions and payments collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

Petroleum Storage Tank Insurance – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Non-Major Funds

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2004
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2004	Governmental Activities - Internal Service Funds
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 3)	$ 13,043	$ 105,067	$ 14,847	$ 2,896	$ 135,853	$ 109,015
Investments (Note 3)	10,515	---	34,620	6,802	51,937	68,480
Accounts Receivable, Net	39,173	110,439	3,508	421	153,541	15,014
Interest Receivable	41	---	136	8	185	215
Due from Other Funds (Note 15)	---	---	---	154	154	19,424
Inventories	---	---	---	1,178	1,178	11,836
Prepaid Items	90	---	---	23	113	53
Loans Receivable	---	---	---	512	512	---
Non-Current Assets:						
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	8,814
Investments (Note 3)	74,824	---	---	---	74,824	15,099
Assets Held for Resale	---	---	---	115	115	---
Capital Assets (Note 5):						
Construction in Progress	---	---	---	4,465	4,465	155,190
Land	353	---	---	15,781	16,134	8,421
Land Improvements	---	---	---	7,068	7,068	2,824
Buildings	4,292	---	1,366	21,099	26,757	239,373
Equipment	16,389	---	225	29,266	45,880	72,474
Less Accumulated Depreciation (Note 5)	(16,882)	---	(185)	(29,611)	(46,678)	(182,305)
Total Capital Assets (Net of Accumulated Depreciation)	4,152	---	1,406	48,068	53,626	295,977
Total Assets	141,838	215,506	54,517	60,177	472,038	543,927
LIABILITIES						
Current Liabilities:						
Bank Overdraft (Note 3)	---	---	---	---	---	3
Accounts Payable	2,307	298,531	16	1,349	302,203	95,377
Accrued Payroll	278	---	48	1,369	1,695	1,592
Due to Other Funds (Note 15)	18,376	---	22	573	18,971	1,232
Deferred Revenue (Note 1)	---	---	562	41	603	19,741
Claims Liability (Note 11)	---	---	22,000	---	22,000	---
Grand Prize Winner Liability (Note 11)	41,752	---	---	---	41,752	---
Obligations under Lease Purchase (Note 11)	---	---	53	---	53	1,500
Compensated Absences (Note 11)	541	---	104	1,703	2,348	2,919
Non-Current Liabilities:						
Claims Liability (Note 11)	---	---	91,666	---	91,666	---
Grand Prize Winner Liability (Note 11)	65,473	---	---	---	65,473	---
Obligations under Lease Purchase (Note 11)	---	---	1,282	---	1,282	2,150
Compensated Absences (Note 11)	---	---	---	---	---	975
Total Liabilities	128,727	298,531	115,753	5,035	548,046	125,489
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	4,152	---	71	48,068	52,291	292,327
Restricted for:						
Revenue Bonds	---	---	---	---	---	23,440
Unemployment Compensation	---	(83,025)	---	---	(83,025)	---
Other Purposes	9,282	---	---	---	9,282	---
Unrestricted	(323)	---	(61,307)	7,074	(54,556)	102,671
Total Net Assets	$ 13,111	$ (83,025)	$ (61,236)	$ 55,142	$ (76,008)	$ 418,438
				Total Net Assets Reported Above	$ (76,008)	
				Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds	(2,045)	
				Net Assets of Business-Type Activities	$ (78,053)	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major				Totals	Governmental Activities -
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2004	Internal Service Funds
Operating Revenues:						
Employer Contributions	$ ---	$ 393,179	$ ---	$ ---	$ 393,179	$ 386,499
Employee Contributions	---	---	---	---	---	138,986
Taxes	---	---	---	367	367	---
Licenses, Fees and Permits	---	---	25,581	7,626	33,207	1,986
Sales	791,154	---	---	4,940	796,094	31,317
Leases and Rentals	---	---	---	2,635	2,635	19,321
Charges for Services	---	---	---	18,560	18,560	108,764
Cost Reimbursement/Miscellaneous	639	---	2	69	710	3,704
Total Operating Revenues	791,793	393,179	25,583	34,197	1,244,752	690,577
Operating Expenses:						
Cost of Goods Sold	18,342	---	---	774	19,116	16,713
Personal Service	8,505	---	1,577	39,757	49,839	50,635
Operations	52,365	---	3,117	16,765	72,247	103,108
Prizes Expense	484,827	---	---	---	484,827	---
Inventories	---	---	---	5,862	5,862	1,112
Specific Programs	---	---	7,418	390	7,808	932
Insurance Benefits	---	---	---	---	---	467,421
Unemployment Benefits	---	695,647	---	---	695,647	---
Depreciation	1,361	---	24	2,869	4,254	14,132
Other Charges	9,705	---	39	634	10,378	2,888
Total Operating Expenses	575,105	695,647	12,175	67,051	1,349,978	656,941
Operating Income (Loss)	216,688	(302,468)	13,408	(32,854)	(105,226)	33,636
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	---	122,378	---	23,228	145,606	425
Interest Expense	---	---	(136)	---	(136)	(175)
Investment Earnings:						
Net Decrease in the Fair Value of Investments	(6,802)	---	(313)	(68)	(7,183)	(1,271)
Interest	477	40	777	104	1,398	2,677
Penalties and Unclaimed Properties	---	---	---	1	1	1
Disposal of Fixed Assets	(14)	---	---	77	63	(76)
Miscellaneous Revenues	12,283	---	---	54	12,337	1
Total Non-Operating Revenues (Expenses)	5,944	122,418	328	23,396	152,086	1,582
Income (Loss) Before Transfers	222,632	(180,050)	13,736	(9,458)	46,860	35,218
Transfers In (Note 16)	---	---	---	12,600	12,600	---
Transfers Out (Note 16)	(229,931)	---	(101)	(1,571)	(231,603)	(4,793)
Change in Net Assets	(7,299)	(180,050)	13,635	1,571	(172,143)	30,425
Total Net Assets - Beginning (Note 17)	20,410	97,025	(74,871)	53,571	96,135	388,013
Total Net Assets - Ending	$ 13,111	$ (83,025)	$ (61,236)	$ 55,142	$ (76,008)	$ 418,438
				Total Net Change in Net Assets Reported Above	$ (172,143)	
				Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds	(1,885)	
				Change in Net Assets of Business-Type Activities	$ (174,028)	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2004	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers and Users	$ 788,886	$ 370,383	$ 25,150	$ 34,322	$ 1,218,741	$ 680,086
Payments to Suppliers	(554,098)	---	(3,114)	(22,928)	(580,140)	(120,768)
Payments to Employees	(8,481)	---	(1,555)	(39,125)	(49,161)	(50,158)
Payments Made for Program Expense	---	(407,650)	(13,742)	(390)	(421,782)	(460,681)
Other Receipts (Payments)	(9,066)	---	(37)	(565)	(9,668)	8,718
Net Cash Provided (Used) by Operating Activities	217,241	(37,267)	6,702	(28,686)	157,990	57,197
Cash Flows from Non-Capital Operating Activities:						
Due to/from Other Funds	(330)	---	2	77	(251)	(3,242)
Contributions and Intergovernmental	---	122,378	---	23,228	145,606	425
Transfers to/from Other Funds	(229,931)	---	(101)	11,029	(219,003)	(4,793)
Other Receipts (Expenses)	12,283	---	---	64	12,347	---
Net Cash Provided (Used) by Non-Capital Operating Activities	(217,978)	122,378	(99)	34,398	(61,301)	(7,610)
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	---	---	(136)	---	(136)	(175)
Purchases and Construction of Capital Assets	(540)	---	(1,259)	(6,240)	(8,039)	(70,659)
Principal Paid on Capital Debt	---	---	---	---	---	---
Capital Lease Downpayment/Obligations	---	---	1,214	---	1,214	(218)
Disposal of Capital Assets	---	---	12	128	140	12
Net Cash Used by Capital and Related Financing Activities	(540)	---	(169)	(6,112)	(6,821)	(71,040)
Cash Flows from Investing Activities:						
Proceeds from Investment Maturities	---	---	---	1,227	1,227	573,030
Purchase of Investments	3,102	---	(4,525)	(964)	(2,387)	(541,640)
Interest and Dividends Received	470	40	783	104	1,397	2,661
Other Receipts	---	---	---	55	55	2
Net Cash Provided (Used) by Investing Activities	3,572	40	(3,742)	422	292	34,053
Net Increase in Cash	2,295	85,151	2,692	22	90,160	12,600
Cash and Cash Equivalents, Beginning of Year	10,748	19,916	12,155	2,874	45,693	105,226
Cash and Cash Equivalents, End of Year	$ 13,043	$ 105,067	$ 14,847	$ 2,896	$ 135,853	$ 117,826
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 216,688	$ (302,468)	$ 13,408	$ (32,854)	$ (105,226)	$ 33,636
Depreciation Expense	1,361	---	24	2,869	4,254	14,132
Changes in Assets and Liabilities:						
Accounts Receivable	(2,268)	(22,796)	(426)	194	(25,296)	(559)
Inventories	---	---	---	39	39	(1,507)
Prepaid Items	(90)	---	---	13	(77)	(49)
Accounts Payable	266	287,997	3	421	288,687	9,393
Accrued Payroll	5	---	5	280	290	15
Deferred Revenue	---	---	(5)	---	(5)	1,674
Grand Prize Winner Liability	1,260	---	---	---	1,260	---
Claims Payable	---	---	(6,324)	---	(6,324)	---
Compensated Absences Payable	19	---	17	352	388	462
Net Cash Provided (Used) by Operating Activities	$ 217,241	$ (37,267)	$ 6,702	$ (28,686)	$ 157,990	$ 57,197

Non-Cash Financing Activities:

During fiscal year 2004, the Office of Administration Revolving Fund entered into an equipment capital lease agreement for $3,099,000. The new lease agreement was part of a trade-in of old leased equipment that resulted in a $602,000 buyout of the old capital lease.

The notes to the financial statements are an integral part of this statement.

*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, agency funds, and private-purpose trust funds are presented as part of Supplementary Information.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2004
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) * Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	$ 280,462	$ 2,751	$ 39,169
Investments at Fair Value: (Note 3)			
U.S. Government Securities	1,396,340	4,222	62
Repurchase Agreements	---	916	256,408
Stocks	2,258,463	---	31
Bonds	514,860	---	---
International Equities	930,636	---	---
Mutual and Index Funds	1,205,420	---	---
Venture Capital Limited Partnership	1,245,125	---	---
Other Investments	484,743	1,327	1,055
Receivables:			
Accounts Receivable	161,247	---	197,995
Interest Receivable	30,884	9	178
Due from Other Funds (Note 15)	7,279	---	26,025
Advance to Other Funds (Note 15)	---	61,607	---
Invested Securities Lending Collateral (Note 3)	1,338,918	---	---
Prepaid Expenses	181	---	---
Financial Assurance Instruments (Note 21)	---	---	274,761
Capital Assets:			
Land	352	---	---
Buildings	3,934	---	---
Equipment	2,007	21	---
Accumulated Depreciation	(1,968)	(15)	---
Total Capital Assets, Net	4,325	6	---
Total Assets	9,858,883	70,838	$ 795,684
LIABILITIES			
Accounts Payable	208,145	1,075	$ 27
Securities Lending Collateral (Note 3)	1,338,509	---	---
Due to Other Entities	---	---	730,781
Due to Individuals	---	---	44,313
Due to Other Funds (Note 15)	---	---	20,563
Obligations under Lease Purchase	18	---	---
Escheats/Unclaimed Property	---	67,374	---
Compensated Absences	336	---	---
Total Liabilities	1,547,008	68,449	$ 795,684
Net Assets Held in Trust for Benefits and Other Purposes	$ 8,311,875	$ 2,389	

* The Missouri State Public Employees' (IRC 457) Deferred Compensation Plan was classified as a private-purpose trust fund in the FY03 CAFR. See Note 2-*Reporting Changes and Reclassifications*.

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) * Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	$ 284,213	$ ---
Plan Member	65,289	---
Other	45,943	---
Investment Earnings:		
Net Increase (Decrease) in the Fair Value of Investments	894,924	(41)
Interest, Dividends, and Other	200,937	57
Securities Lending Income	17,979	---
Net Gain on Sale of Investments	148,469	---
Total Investment Earnings	1,262,309	16
Less Investment Expenses:		
Investment Activity Expense	(59,313)	---
Securities Lending Expense	(13,610)	---
Total Investment Expense	(72,923)	---
Net Investment Earnings	1,189,386	16
Unclaimed Property	---	43,126
Cost Reimbursement/Miscellaneous	508	11,013
Total Additions	1,585,339	54,155
Deductions:		
Benefits	550,795	---
Administrative Expenses	7,164	1,390
Program Distributions	49,207	10,784
Service Transfer Payments	529	---
Contribution Refunds	9	---
Depreciation	277	2
Transfers Out (Note 16)	---	41,738
Total Deductions	607,981	53,914
Change in Net Assets	977,358	241
Net Assets held in Trust - Beginning of Year (Note 17)	7,334,517	2,148
Net Assets held in Trust - End of Year	$ 8,311,875	$ 2,389

* The Missouri State Public Employees' (IRC 457) Deferred Compensation Plan was classified as a private-purpose trust fund in the FY03 CAFR. See Note 2-*Reporting Changes and Reclassifications.*

The notes to the financial statements are an integral part of this statement.

*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Component Unit Financial Statements

Major

Colleges and Universities

Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2004
(In Thousands of Dollars)

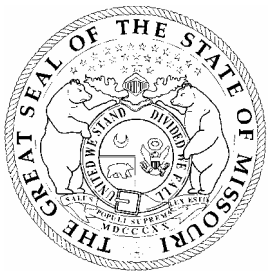
	Colleges and Universities	Non-Major	Totals June 30, 2004
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3)	$ 330,504	$ 19,192	$ 349,696
Investments (Note 3)	73,683	18,349	92,032
Receivables, Net	254,884	7,955	262,839
Due from Primary Government/Component Unit (Note 15)	---	17,454	17,454
Inventory	39,811	---	39,811
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	10,111	---	10,111
Investments (Note 3)	19,459	---	19,459
Receivables, Net	2,204	---	2,204
Deposits and Prepaid Expenses	24,205	108	24,313
Deferred Costs and Other Assets	310	---	310
Noncurrent Assets:			
Investments (Note 3)	1,443,028	---	1,443,028
Receivables, Net	116,703	30,893	147,596
Advance to Primary Government/Component Unit (Note 15)	---	51,835	51,835
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	3,102	52,478	55,580
Investments (Note 3)	13,301	32,532	45,833
Receivables, Net	2,527	---	2,527
Deposits and Prepaid Expenses	356	---	356
Deferred Costs and Other Assets	18,500	179	18,679
Capital Assets, Net of Accumulated Depreciation (Note 5)	2,893,167	38,135	2,931,302
Total Assets	5,245,855	269,110	5,514,965
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	302,418	1,784	304,202
Securities Lending Collateral (Note 3)	61,196	---	61,196
Due to Primary Government/Component Unit (Note 15)	---	1,780	1,780
Deferred Revenue (Note 1)	68,807	5,239	74,046
Deposits	62,144	---	62,144
Compensated Absences	13,818	---	13,818
Capital Lease Obligations (Note 6)	2,221	---	2,221
Bonds and Notes Payable (Note 12)	26,316	17,265	43,581
Noncurrent Liabilities:			
Accounts Payable and Accrued Liabilities	8,587	---	8,587
Advance from Primary Government/Component Unit (Note 15)	---	14,926	14,926
Deferred Revenue (Note 1)	2,860	16,810	19,670
Deposits and Reserves	117	20,715	20,832
Compensated Absences	5,914	---	5,914
Capital Lease Obligations (Note 6)	10,945	---	10,945
Bonds and Notes Payable (Note 12)	894,778	50,915	945,693
Total Liabilities	1,460,121	129,434	1,589,555
NET ASSETS			
Invested in Capital Assets, Net	2,062,518	20,035	2,082,553
Restricted for:			
Expendable	396,457	---	396,457
Non-Expendable	515,094	---	515,094
Other Purposes	---	80,991	80,991
Unrestricted	811,665	38,650	850,315
Total Net Assets	$ 3,785,734	$ 139,676	$ 3,925,410

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS/STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2004	Adjustments	Statement of Activities
Revenues:					
Operating Revenues:					
Licenses, Fees and Permits	$ ---	$ 1,637	$ 1,637	$ ---	$ 1,637
Student Tuition and Fees (Net of Scholarship Allow.)	533,700	---	533,700	---	533,700
Sales and Services of Educational Departments	33,577	---	33,577	---	33,577
Auxiliary Enterprises	810,700	---	810,700	---	810,700
Leases and Rentals	---	1,656	1,656	---	1,656
Cost Reimbursement/Miscellaneous	64,145	1,407	65,552	1,100	66,652
Transfers In	---	---	---	35	35
Total Charges for Services					1,447,957
Federal Appropriations, Grants and Contracts	231,247	---	231,247	36,451	267,698
State Grants and Contracts	47,027	---	47,027	730,992	778,019
Private Gifts, Grants and Contracts	61,422	---	61,422	62,599	124,021
Additions to Endowments	---	---	---	19,151	19,151
Contributions and Intergovernmental	---	---	---	8,297	8,297
Total Operating Grants and Contributions					1,197,186
Interest Revenue	1,918	2,453	4,371	(4,371)	---
Total Operating Revenues	1,783,736	7,153	1,790,889	854,254	
Expenses:					
Operating Expenses:					
Personal Services	1,593,913	818	1,594,731	---	1,594,731
Operations	---	1,067	1,067	---	1,067
Specific Programs	---	1,308	1,308	---	1,308
Scholarships and Fellowships	61,640	---	61,640	---	61,640
Utilities	24,045	---	24,045	---	24,045
Supplies and Other Services	645,449	---	645,449	---	645,449
Contracted Services	15,135	---	15,135	---	15,135
Interest Expense	---	2,300	2,300	36,570	38,870
Depreciation and Amortization	142,324	566	142,890	---	142,890
Miscellaneous	24,242	346	24,588	---	24,588
Transfers Out	---	---	---	1	1
Total Operating Expenses	2,506,748	6,405	2,513,153	36,571	2,549,724
Operating Loss	(723,012)	748	(722,264)	817,683	
Non-Operating Revenues (Expenses):					
Federal Appropriations, Grants and Contracts	36,451	---	36,451	(36,451)	---
State Appropriations, Grants and Contracts	730,992	---	730,992	(730,992)	---
Private Gifts, Grants and Contracts	62,599	---	62,599	(62,599)	---
Contributions and Intergovernmental	---	8,297	8,297	(8,297)	---
Investment Earnings:					
Increase in Fair Value of Investments	865	---	865	---	865
Interest/Investment and Endowment Income	109,539	1,337	110,876	4,371	115,247
Interest and Bond Related Expenses	(36,110)	(460)	(36,570)	36,570	---
Gain (Loss) on Sale of Fixed Assets	(741)	24	(717)	---	(717)
Miscellaneous Revenues	1,100	---	1,100	(1,100)	---
Total General Revenues					115,395
Total Non-Operating Revenues (Expenses)	904,695	9,198	913,893	(798,498)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	181,683	9,946	191,629	19,185	
Capital Gifts and Grants	55,306	---	55,306	---	55,306
State Capital Appropriations	58,556	---	58,556	---	58,556
Total Capital Grants and Contributions					113,862
Additions to Endowments	19,151	---	19,151	(19,151)	---
Transfers In (Note 16)	---	35	35	(35)	---
Transfers Out (Note 16)	---	(1)	(1)	1	---
Change in Net Assets	314,696	9,980	324,676	---	324,676
Net Assets - Beginning of Year (Note 17)	3,471,038	129,696	3,600,734	---	3,600,734
Net Assets - End of Year	$ 3,785,734	$ 139,676	$ 3,925,410	---	3,925,410

The notes to the financial statements are an integral part of this statement.



*The **Notes to the Financial Statements** provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.*

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Note 25 - Subsequent Events

Note 1 - Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The State has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14 - *The Financial Reporting Entity* for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization or; 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39 - *Determining Whether Certain Entities are Component Units* added a requirement to include all entities whose relationship with the State would make it misleading to exclude it.

In addition to the legislative, executive and judicial branches, the following organizations are included in these financial statements:

Component Units (Blended):

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

Board of Public Buildings - The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Design and Construction and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and pay the costs of operations. Copies of the Board of Public Buildings' financial statements can be requested from:

Office of Administration
Deputy Commissioner's Office
P.O. Box 809
Jefferson City, Missouri 65102

Conservation Employees' Insurance Plan - The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of two members determined by the Board and Commission from insurance members, the Business and Support Services Chief, the Human Resources Division Administrator, and the Internal Auditor. Copies of the Plan's financial statements can be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65102

Note 1 - Significant Accounting Policies (cont.)

Transportation Self-Insurance Plan - The Plan provides fleet vehicle liability, workers' compensation and general liability. The Plan is administered by the Office of Risk Management, which is a Division of the Missouri Department of Transportation. Copies of the financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Consolidated Health Care Plan (MCHCP) - The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, six members appointed by the Governor, the Director of the Department of Health and Senior Services, the Director of the Department of Insurance and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the board. Copies of the Plan's financial statements can be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

Highway and Transportation Employees' and Highway Patrol Insurance Plan - The Plan provides health and life insurance coverage to eligible employees, retirees and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees and one retired MoDOT employee appointed by the director of MoDOT, two active MSHP employees and one retired MSHP employee appointed by the superintendent of MSHP. Copies of the Plan's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri State Employees' Retirement System (MOSERS) - The System was created by state law and provides retirement, survivor, disability and life insurance to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the board. Copies of the System's financial statements can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Note 1 - Significant Accounting Policies (cont.)

Highway and Transportation Employees' and Highway Patrol Retirement System - The System provides retirement, death and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and both uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the director of the Missouri Department of Transportation, the superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Patrol employees, and one retired member elected by retirees of the system. Copies of the System's financial statements can be requested from:

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Missouri State Public Employees' Deferred Compensation Commission - The Commission consists of one member of the House of Representatives, one member of the Senate and three other members appointed by the Governor with the advice and consent of the Senate. The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2003, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes $25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans can be requested from:

PEBSCO - A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Component Units (Discretely Presented):

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

Note 1 - Significant Accounting Policies (cont.)

Major

Colleges and Universities - The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public colleges and universities included in the financial statements:

Central Missouri State University
213 Administration Building
Warrensburg, Missouri 64093

Harris-Stowe State College
3026 Laclede Avenue
St. Louis, Missouri 63103

Lincoln University
207 Young Hall
Jefferson City, Missouri 65101

Linn State Technical College
1 Technology Drive
Linn, Missouri 65051

Missouri Southern State University
3950 East Newman Road
Joplin, Missouri 64801-1595

Missouri Western State College
4525 Downs Drive
St. Joseph, Missouri 64507

Northwest Missouri State University
105 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

Southeast Missouri State University
One University Plaza, Mail Stop 3000
Cape Girardeau, Missouri 63701

Southwest Missouri State University
901 South National, Room 119
Springfield, Missouri 65804

Truman State University
McClain Hall, Room 105
Kirksville, Missouri 63501

University of Missouri System
118 University Hall
Columbia, Missouri 65211-3020

Non-Major

Development Finance Board - The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and is assigned to the Department of Economic Development. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development and the Department of Agriculture, who serve as ex-officio voting members, and nine members appointed by the Governor and confirmed by the Senate. The Board is empowered to issue taxable and tax-exempt industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. Copies of the Board's financial statements can be requested from:

Missouri Development Finance Board
Harry S Truman State Office Building, Room 680
301 West High Street
Jefferson City, Missouri 65101

Note 1 - Significant Accounting Policies (cont.)

Agricultural and Small Business Development Authority - The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Copies of the Authority's financial statements can be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Fulton 54 Transportation Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds for the purpose of paying all or any part of the cost for the acquisition and construction of an overpass at the intersection of Route HH and U.S. Highway 54. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Transportation Finance Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Note 1 - Significant Accounting Policies (cont.)

Missouri Highway 179 Transportation Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds to finance the extension of Highway 179 from Highway 50 to Route B in Jefferson City. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Highway 63 Transportation Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation was formed to facilitate the addition of two lanes to US Highway 63 from Macon, Missouri to Millard, Missouri. The Corporation entered into an agreement with the City of Kirksville for passage of a sales tax to fund the project. The Corporation is governed by a board of directors consisting of fifteen representatives from cities and counties along the expansion area, who are selected by the Kirksville Chamber of Commerce. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Springfield, MO State Highway Improvement Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds to finance lane expansions, interchange improvements and relocations, and drainage projects in the City of Springfield. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Note 1 - Significant Accounting Policies (cont.)

Wentzville Parkway Transportation Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued bonds to finance the expansion and reconstruction of the Pearce Boulevard Interchange. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation are subject to change by a majority vote of the General Assembly.

- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation expense, are included in the direct expenses reported for individual functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Note 1 - Significant Accounting Policies (cont.)

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories are also aggregated and reported in a separate column on the proprietary fund financial statements.

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments and other funds.

Discretely Presented Component Units:

Major

Colleges and Universities account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, grants, and sales tax proceeds. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains and losses are reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Note 1 - Significant Accounting Policies (cont.)

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

Fund Financial Statements:

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants, and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the State Road Fund, which updates inventory perpetually under the consumption method.

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to colleges and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

Note 1 - Significant Accounting Policies (cont.)

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

State Road – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – accounts for contributions, payments, and federal loans collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

The State also reports the following non-major fund types:

Governmental – accounts for current financial resources of the government. Governmental funds include special revenue funds, which are established for a specific function; debt service funds, which accumulate resources for the payment of long-term debt principal and interest; capital projects funds, which accumulate resources for the acquisition and construction of capital assets; and permanent funds, which are legally restricted.

Proprietary – accounts for operations that are funded through fees or a cost reimbursement basis. Proprietary funds include enterprise funds, which sell products and services to external parties and internal service funds, which sell products and services to other government agencies.

Fiduciary – accounts for assets held by the State in a trustee or agent capacity. Examples of such assets include Missouri State Employees' Retirement System contributions, social security contributions, and unclaimed property.

Note 1 - Significant Accounting Policies (cont.)

E. Budgets

The State's annual budget is prepared principally on the cash basis and represents departmental appropriations passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. Appropriations can only be amended through the normal appropriation process which requires approval of the General Assembly and the Governor. Certain estimated original appropriation amounts may be increased as necessary. If supplemental appropriations are required for an appropriation year, they are enacted during the next legislative session by the same process used for original appropriations. During the year, supplemental appropriations of $240,375,000 were required, 85% for Human Services, 10% for Education, and the remainder for other functions. Estimated appropriations were increased by $516,535,000.

Budgetary control is maintained at the individual appropriation level since expenditures cannot exceed the appropriation amounts. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve part of the appropriation, is employed for the purposes of budgetary control and contract compliance. Encumbrances at year end do not constitute expenditures or liabilities.

The Governor has the authority to reduce the allotments of appropriations in any fund if it appears that revenues for the fiscal year will fall below estimated revenues. Unexpended appropriations lapse at the end of each appropriation year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program or project which requires additional time for completion. There were no reappropriations to fiscal year 2005.

F. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash and all investments with an original maturity of three months or less, such as certificates of deposit, money market certificates and repurchase agreements. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

G. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. All investments are reported at fair value (see *Note 3*).

H. Receivables

Receivables include primarily federal revenue amounts, accrued interest on investments and taxes receivable. Receivables are reported net of allowances for uncollectibles of $1,072,407,000 for governmental activities and $16,000 for business-type activities (see *Note 14*).

I. Interfund Receivables/Payables

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the Statement of Net Assets. Payables are classified as "due to other funds" or "due to primary government/component units" on the Statement of Net Assets (see *Note 15*).

Note 1 - Significant Accounting Policies (cont.)

J. Advances to/from Other Funds

Long-term interfund receivables are classified as "advances to other funds" or "advances to primary government/component units" on the Statement of Net Assets. Long-term interfund payables are classified as "advances from other funds" or "advances from primary government/component units" on the Statement of Net Assets (see *Note 15*).

K. Inventories

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the State Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances in governmental funds. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average and first-in, first-out.

L. Deferred Charges

Deferred charges represent issuance costs on bonds and are amortized over the life of the related issue.

M. Restricted Assets

These moneys are restricted by donors and applicable bond indentures.

N. Capital Assets

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

The capitalization threshold for all capital assets is as follows: land improvements, $15,000; buildings and improvements, $15,000; and equipment, $1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings - 40 years, land improvements and building improvements - 20 years, equipment - 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

Most works of art and historical treasurers are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capital grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Note 1 - Significant Accounting Policies (cont.)

Component unit capital assets are stated at cost and are depreciated using the straight-line method of depreciation over the following useful lives: buildings - 40 years, land improvements and building improvements - 20 years, and equipment - 5 years.

O. Deferred Revenues

Primary Government

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include $438,747,000 within the General Fund, $23,706,000 within the major special revenue funds, $28,625,000 within the State Road Fund, and $6,561,000 within non-major governmental funds which totals $497,639,000 for governmental funds. Such amounts have been deemed to be measurable but not available. For the State of Missouri, the availability period is 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues the amount of $30,029,000 within the General Fund, $2,563,000 within major special revenue funds, $10,851,000 within the State Road Fund, and $19,741,000 within the internal service funds which totals $63,184,000 for governmental activities. Total deferred revenue for business type activities is $603,000 which includes $562,000 within the Petroleum Storage Tank Insurance Fund, $41,000 within the non-major enterprise funds.

Component Units

Deferred revenue amounts collected in advance of the year in which earned are reported in the amount of $71,667,000 within the college and university funds and $22,049,000 within the non-major component units which totals $93,716,000 for component units.

P. Long-Term Debt

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments, contractual obligations to other governments, and loans from other entities. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).

2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).

3. Outstanding principal for revenue bonds issued by the Board of Public Buildings, bonds issued by the Health and Educational Facilities Authority, bonds issued by the Regional Convention and Sports Complex Authority, and State Road bonds issued by the Missouri Highways and Transportation Commission. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).

Note 1 - Significant Accounting Policies (cont.)

4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

   In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, and the State Road Fund (see *Notes 6 and 11*).

6. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid (see *Note 11*).

   Vacation leave is accumulated at a rate of 10 to 14 hours a month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

   Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

   The expenditures for all compensated absences are made primarily from the General Fund and special revenue funds.

7. Claims and judgments include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. Claims liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11 and 22*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

Q. Net Assets/Fund Balance

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements. A description of "Restricted Net Assets" is presented in Part B of this note disclosure.

On the governmental fund financial statements, "reserves" represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Following is a list of reserves used by the State of Missouri and a description of each:

Reserved for Budget Reserve - An account used to meet the cash flow requirements and program funding requirements of the State.

Note 1 - Significant Accounting Policies (cont.)

Reserved for Inventories - An account used to segregate a portion of fund balance to indicate that inventories do not represent available, spendable resources.

Reserved for Future Distribution - An account used to segregate a portion of fund balance for the specific future use of other entities.

Reserved for Landfill Postclosure - An account used to segregate a portion of fund balance to pay postclosure costs for landfill owners that have defaulted on their obligation to pay postclosure care costs (see *Note 21*).

Reserved for Taxes - An account used to segregate a portion of fund balance for taxes received for which payment was made under protest and for bonds filed by license holders for security against default of payment of tax liabilities.

Reserved for Debt Service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years.

Reserved for Loans Receivable - An account used to segregate a portion of fund balance to indicate that loans receivable do not represent available, spendable resources.

Reserved for Trust Principal - An account used to segregate a portion of fund balance to indicate the principal amount of permanent funds that is legally restricted for a specific future purpose.

R. Revenues

The revenues of the General Fund include federal grants and contributions of $6,592,546,000. Revenues for all funds are reported net of refunds of $1,484,535,000.

S. Interfund Transactions

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets, and service debt. Interfund transactions basically consist of these two types:

1. Transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.

2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as transfers (see *Note 16*).

Note 1 - Significant Accounting Policies (cont.)

T. Expenditures and Expenses

Expenditures and expenses are reported net of revenue over collections of $1,155,002,000 and $863,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of $327,865,000 and $805,000, respectively.

U. Property Taxes

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32% and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

Note 2 - Reporting Changes and Reclassifications

The Missouri State Public Employees' Deferred Compensation (IRC 457) Plan has been reclassified from a private-purpose trust fund to a pension (and other employee benefit) trust fund for the fiscal year ended June 30, 2004.

The State of Missouri implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2004:

- Statement No. 40, *Deposit and Investment Risk Disclosures.*

Statement No. 40 amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises the existing requirements regarding disclosure of custodial credit risk, as required by Statement No. 3 and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Note 3 - Deposits, Investments and Securities Lending Program

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets - Cash and Cash Equivalents", "Restricted Assets - Investment" and "Bank Overdraft" as reported at June 30, 2004.

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

A. Deposits

The State minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

Primary Government

At June 30, 2004, the reported amount of the primary government's deposits was $516,365,000 and the bank balance was $518,815,000. Of the bank amount, $163,000 was uncollateralized, $115,832,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name, and $62,000 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Fiduciary

At June 30, 2004, the reported amount of the deposits of the fiduciary funds was $323,416,000 and the bank balance was $323,416,000. Of the bank amount, $2,422,000 was uncollateralized.

Component Units

At June 30, 2004, the reported amount of the deposits of the component units was $411,158,000 and the bank balance was $383,167,000. Of the bank amount, $2,960,000 was uncollateralized, $201,130,000 was collateralized with securities held by the counterparty's trust department or agent in the component units' name, and $125,370,000 was collateralized with securities held by the counterparty's trust department or agent but not in the component units' name.

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. The internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. Government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2004.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

Primary Government

At June 30, 2004, the reported amount of the primary government's investments was $2,799,220,000. Of the amount, $100,952,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent in the State's name.

Fiduciary

At June 30, 2004, the reported amount of the fiduciary funds investments was $8,298,574,000. Of the amount, $30,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent in the State's name, and $1,043,645,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the State's name.

Component Units

At June 30, 2004, the reported amount of the component units investments was $1,604,581,000. Of the amount, $1,319,095,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent in the component units' name, and $5,667,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the component units' name.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 1.5 years, and holding at least 40% of the portfolio's total market value in securities with a maturity of 12 months or less.

	Maturities in Years					
	Less than 1	1-5	6-10	More than 10	No Maturity	Fair Value
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Government Securities	$ 817,997	$ 952,923	$ 21,802	$ 7,185	$ ---	$ 1,799,907
Repurchase Agreements	458,083	---	---	---	---	458,083
Stocks	---	---	---	---	2,927	2,927
Commercial Paper	514,868	---	---	---	---	514,868
Mutual Funds	---	---	---	---	23,107	23,107
Short-term Securities	328	---	---	---	---	328
Subtotal	1,791,276	952,923	21,802	7,185	26,034	2,799,220

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

	Maturities in Years					
	Less than 1	1-5	6-10	More than 10	No Maturity	Fair Value
Fiduciary Funds:						
U.S. Government Securities	15,086	269,929	1,114,397	1,212	---	1,400,624
Repurchase Agreements	257,324	---	---	---	---	257,324
Stocks	---	---	---	---	2,258,494	2,258,494
Commercial Paper	1,346	---	---	---	---	1,346
Bonds	6,622	488,501	19,737	---	---	514,860
International Equities	930,636	---	---	---	---	930,636
Mortgages/ Real Estate	43,725	164,296	57,424	73,395	92,439	431,279
Short-Term Securities	39,648	---	---	---	---	39,648
Deferred Compensation	---	---	---	---	6,278	6,278
Foreign Securities	---	---	---	---	7,540	7,540
Mutual Funds	---	---	---	---	1,034,341	1,034,341
EAFE Index Fund	---	---	---	---	171,079	171,079
Venture Capital Limited Partnership	---	---	---	---	1,245,125	1,245,125
Subtotal	1,294,387	922,726	1,191,558	74,607	4,815,296	8,298,574
Component Units:						
U.S. Government Securities	149,667	610,724	1,146	100	---	761,637
Repurchase Agreements	7,188	---	---	---	---	7,188
Stocks	---	---	---	---	438,195	438,195
Bonds	1,297	212,562	---	---	---	213,859
Real Estate	---	---	---	---	42,689	42,689
Mutual Funds	---	---	---	---	6,307	6,307
Bankers' Acceptances	2,000	---	---	---	---	2,000
Other	2,360	---	---	---	130,346	132,706
Subtotal	162,512	823,286	1,146	100	617,537	1,604,581
Total Investments	$ 3,248,175	$ 2,698,935	$ 1,214,506	$ 81,892	$ 5,458,867	$ 12,702,375

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 5% of the total investment portfolio into any single financial institution or issuer, excluding U.S. securities and repurchase agreements. There are no restrictions in the amount that can be invested in U.S. securities, however, there can be no more than 15% of the total portfolio invested in repurchase agreements. During fiscal year 2004, the State did not have more than 5% of total investments in a single issuer.

The State Treasurer requires investments in commercial paper and bankers' acceptances have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
Bonds	Aaa	AAA	$ 52,730
	AA	AA	22,001
	A	A	256,894
		BBB	10,531
	B		93,707
	BB		35,856
	CCC		23,342
	CC		1,027
	unrated	unrated	18,772
Commercial Paper	A-1	P-1	99,926
	P-1	A-1	416,288
Repurchase Agreement	P-1	A-1	356,298
	unrated	unrated	359,109
Mortgages/Real Estate	Aaa	AAA	173,331
	unrated	unrated	257,948
Subtotal			2,177,760
Component Units:			
Bonds	A	A	1,942
	unrated	unrated	211,917
Bankers' Acceptances	P-1	A-1	2,000
Subtotal			215,859
Total Rated Investments			$ 2,393,619

The State Treasurer does not have a policy regarding foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The State Treasurer's Office does not have any deposits or investments in foreign currency, however, the Missouri State Employees' Retirement System and the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. In addition to the amounts provided in the table, the University of Missouri System had $294,808,000 in government obligations, $83,119,000 in bonds, $496,500 in stock, and $2,877,000 in other investments held in foreign currencies as of June 30, 2004.

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

	Foreign Currency	U.S. Dollars (In Thousands)
Fiduciary:		
Cash	Australian Dollar	$ 211
	British Pound Sterling	(51,165)
	Euro	33,954
	Japenese Yen	21,686
	Swedish Krona	92
	Swiss Franc	25
Equities	Argentina Peso	579
	Australian Dollar	18,167
	Brazilian Real	16,917
	British Pound Sterling	316,932
	Canadian Dollar	29,064
	Chilean Peso	4
	Colombian Peso	25
	Czech Koruna	2,516
	Danish Krone	17,437
	Egyptian Pound	538
	Euro	299,545
	Hong Kong Dollar	46,742
	Hungarian Forint	973
	Indian Rupee	3,479
	Indonesion Rupiah	7,742
	Israeli Shekel	1,594
	Japenese Yen	303,732
	Jordanian Dinar	33
	Malysian Ringgit	5,048
	Mexican Peso	14,524
	New Zealand Dollar	973
	Norweign Krone	9,966
	Pakistani Rupee	53
	Peruvian Nuevo Sol	101
	Philippine Peso	2,056
	Polish Zloty	1,409
	Russian Ruble	10
	Singapore Dollar	24,803
	South African Rand	21,920
	South Korean Won	31,527
	Sri Lanka Rupee	2
	Swedish Krona	21,519
	Swiss Franc	82,152
	Taiwan New Dollar	14,050
	Thai Baht	3,840
	Turkish Lira	4,691
Fixed Income Securities	Euro	845
	Japenese Yen	1,461
	Mexican Peso	51
	New Zealand Dollar	1
	South Korean Won	2,974
	Swiss Franc	1
Foreign Deposits and Investments		$ 1,314,799

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

C. Securities Lending Program

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5 RSMo. The program is administered by U.S. Bank as the State Treasurer's custodial agent bank, which lends certain securities to registered broker-dealers as approved by the State Treasurer's Office in exchange for collateral. At least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days. Collateral may be in the form of cash, securities issued or guaranteed by the United States Government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian (U.S. Bank) provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

At June 30, 2004, the State Treasurer's Office had an aggregate fair value of securities lent of $1,632,357,000 and an aggregate fair value of collateral received of $1,665,303,000.

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) Board of Trustees' investment policies permit the pension trust funds to participate in securities lending programs. Lehman Brothers, who acts as the exclusive borrower of the domestic equity securities and Credit Suisse/First Boston, who manages the lending of fixed income and international securities, manage the programs. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. In order to reduce credit risk in this exclusive agreement, MOSERS has placed a cap of $250 million on the amount of securities that can be on loan at any given time. The Custodian (Bankers Trust Company) provides for full indemnification to the pension trust funds for any losses that might occur in the program due to broker default, insufficiency of collateral, or operations risk associated with corporate actions and income collection. Full indemnification and daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk.

The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds. The cash collateral investments of the Lehman Brothers and Credit Suisse program each had a weighted average maturity of 28 days as of June 30, 2004.

Investment income derived from the domestic loans and international equity lending programs are subject to minimum guarantees.

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

Missouri Highway and Transportation Employees' and Highway Patrol Retirement System:

In accordance with the investment policies set by the board of trustees, the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held at June 30, 2004, was $166,553,000 and the market value of securities on loan for the System was unavailable as of the System's report date.

At June 30, 2004 and 2003, the System earned $333,000 and $129,000, respectively, on the securities lending program.

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. At June 30, 2004, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

In addition, at June 30, 2004, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled $3,555,000. At June 30, 2004, the aggregate fair value of the securities lent was $60,000,000 and the aggregate fair value of the collateral received was $62,138,000.

Note 3 - Deposits, Investments and Securities Lending Program (cont.)

D. Derivatives

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2004. The investments are reported at fair value and are included on the Statement of Plan Net Assets of the pension trust funds.

Futures Contracts:

Notional Amount	Exposure
$355,581	$4,877

Swaps:

Notional Amount	Counterparty Exposure
$48,056	$(1,991)

Note 4 - Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were $318,000 and $4,303,000, respectively, as of June 30, 2004. This inventory is not considered to be an asset of the State and is not included in the financial statements.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2004, was as follows (in thousands of dollars):

	*Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	$ 532,901	$ 131,314	$ (81,806)	$ 582,409
Infrastructure in Progress	2,814,252	975,726	(778,512)	3,011,466
Land	2,352,941	41,732	(4,076)	2,390,597
Total Capital Assets not being Depreciated	5,700,094	1,148,772	(864,394)	5,984,472
Capital Assets being Depreciated:				
Land Improvements	88,088	2,459	(58)	90,489
Buildings and Improvements	2,014,496	28,457	(28,384)	2,014,569
Equipment	1,092,064	99,466	(71,508)	1,120,022
Infrastructure	36,638,118	745,178	(70,460)	37,312,836
Total Capital Assets being Depreciated	39,832,766	875,560	(170,410)	40,537,916
Less Accumulated Depreciation for:				
Land Improvements	48,691	3,032	(56)	51,667
Buildings and Improvements	707,102	55,257	(20,142)	742,217
Equipment	712,970	100,508	(62,498)	750,980
Infrastructure	17,002,114	730,218	(70,460)	17,661,872
Total Accumulated Depreciation	18,470,877	889,015	(153,156)	19,206,736
Total Capital Assets being Depreciated, Net	21,361,889	(13,455)	(17,254)	21,331,180
Governmental Activities Capital Assets, Net	$ 27,061,983	$ 1,135,317	$ (881,648)	$ 27,315,652
Business-Type Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	$ 4,576	$ 2,528	$ (2,639)	$ 4,465
Land	15,374	760	---	16,134
Total Capital Assets not being Depreciated	19,950	3,288	(2,639)	20,599
Capital Assets being Depreciated:				
Land Improvements	7,031	37	---	7,068
Buildings and Improvements	26,757	---	---	26,757
Equipment	44,114	4,110	(2,344)	45,880
Total Capital Assets being Depreciated	77,902	4,147	(2,344)	79,705
Less Accumulated Depreciation for:				
Land Improvements	2,781	120	---	2,901
Buildings and Improvements	9,050	696	---	9,746
Equipment	32,835	3,440	(2,244)	34,031
Total Accumulated Depreciation	44,666	4,256	(2,244)	46,678
Total Capital Assets being Depreciated, Net	33,236	(109)	(100)	33,027
Business-Type Activities Capital Assets, Net	$ 53,186	$ 3,179	$ (2,739)	$ 53,626

* Beginning balances as of July 1, 2003 have been restated (see *Note 17*).

Note 5 - Capital Assets (cont.)

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government	$ 16,814
Education	3,976
Natural and Economic Resources	24,184
Transportation and Law Enforcement	789,158
Human Services	54,883
Total	$ 889,015

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress	$ 259,827	$ 5,181	$ 265,008
Land	117,399	8,067	125,466
Other Non-Depreciable Assets	250,765	---	250,765
Total Capital Assets not being Depreciated	627,991	13,248	641,239
Capital Assets being Depreciated:			
Land Improvements	16,067	---	16,067
Buildings and Improvements	2,923,489	26,642	2,950,131
Equipment, Fixtures, and Books	711,708	48	711,756
Infrastructure	255,934	---	255,934
Total Capital Assets being Depreciated	3,907,198	26,690	3,933,888
Less Total Accumulated Depreciation	(1,642,022)	(1,803)	(1,643,825)
Total Capital Assets being Depreciated, Net	2,265,176	24,887	2,290,063
Discretely Presented Component Units - Capital Assets, Net	$ 2,893,167	$ 38,135	$ 2,931,302

Note 6 - Leases

Capital

The State has entered into various agreements to lease land, buildings and equipment. FASB Statement No. 13, *Accounting For Leases,* requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the enterprise, internal service, and college and university funds are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Enterprise Funds	Internal Service Funds	College and University
2005	$ 28,561	$ 184	$ 1,607	$ 3,181
2006	28,153	184	1,077	1,739
2007	21,013	184	338	1,424
2008	20,177	184	118	1,296
2009	19,656	184	118	1,215
2010-2014	94,402	919	591	6,075
2015-2019	58,746	552	118	6,075
2020-2024	---	---	---	304
Total minimum lease payments	270,708	2,391	3,967	21,309
Less amount representing interest	77,170	1,056	317	8,143
Present value of net minimum lease payments	$ 193,538	$ 1,335	$ 3,650	$ 13,166

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is an analysis of the property under capital lease by asset category as of June 30, 2004 (in thousands of dollars):

	Governmental Funds	Enterprise Funds	Internal Service Funds	College and University
Land	$ ---	$ ---	$ ---	$ 152
Buildings	215,653	1,413	1,318	14,790
Equipment	42,879	---	8,560	3,969
Total Capital Assets	$ 258,532	$ 1,413	$ 9,878	$ 18,911

Note 6 - Leases (cont.)

Operating

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2004, were as follows (in thousands of dollars):

Year Ending June 30	Primary Government	Component Units
2005	$ 33,841	$ 2,388
2006	27,030	1,242
2007	20,115	611
2008	15,195	427
2009	10,040	379
2010-2014	20,850	692
2015-2019	675	487
2020-2024	524	---
After 2024	102	---
Total Minimum Commitments	$ 128,372	$ 6,226

Expenditures for rent under operating leases for the years ended June 30, 2004 and June 30, 2003 were $33,788,000 and $33,509,000, respectively.

Rental Revenue

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. Future minimum receivables, payable from lessor arrangements as of June 30, 2004, were as follows (in thousands of dollars):

Year Ending June 30	Primary Government	Component Units
2005	$ 330	$ 1,190
2006	312	658
2007	296	618
2008	230	604
2009	225	604
2010-2014	1,102	2,900
2015-2019	1,097	2,896
2020-2024	1,097	2,798
After 2024	59	13,097
Total Minimum Receivables	$ 4,748	$ 25,365

Note 7 - Retirement Systems

The State has two major retirement systems which cover substantially all state employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). The University of Missouri's Retirement Plan is included as the University is a component unit of the State. The Public School Retirement System is included in this note disclosure as the State contributes to it. The Missouri State Employees' Deferred Compensation Incentive Plan is a defined contribution pension plan, to which the State also contributes.

Plan Descriptions

The Missouri State Employees' Plan (MSEP), Administrative Law Judges and Legal Advisors Plan (ALJLAP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312-104.1215, 287.812-287.856 and 476.445-476.690, respectively.

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the ALJLAP and Judicial Plan are administered and paid by MOSERS.

MOSERS provides retirement, death, and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

MSEP

Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 48 with age and service equaling 80 or more (Rule of 80)
Employees may retire early at age 55 with at least 10 years of service with reduced benefits.

MSEP 2000

Age 62 with 5 years of service
Age 48 with age and service equaling 80 or more (Rule of 80)
Employees may retire early at age 57 with at least 5 years of service with reduced benefits.

ALJLAP

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 65 with less than 12 years of service with a reduced benefit that is based upon years of service relative to 12 years.

Judicial Plan

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less than 12 years of service or age 60 with less than 15 years of service with reduced benefit that is based upon years of service relative to 12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP, ALJLAP, and Judicial Plan may make a one-time election to receive the present value of benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than $10,000.

Note 7 - Retirement Systems (cont.)

The Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.270.

HEHPRS membership is composed of qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol.

HEHPRS provides retirement, death and disability benefits to its members. HEHPRS employees are fully vested after 5 years of creditable service. Employees may retire at age 65 with 4 years of service; age 60 with 15 years of service; age 55 with 4 years of service (uniformed members only); or age 48 with age and service equaling 80 or more. Employees may retire between the ages of 55 and 59 and receive a reduced benefit if they have at least 10 years and less then 30 years of service. For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the CPI. Effective August 28, 2003, uniformed patrol members who previously were employed by a non-federal public entity will be allowed to purchase creditable service time of up to 4 years maximum.

Copies of financial reports issued by MOSERS and HEHPRS can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Funding Requirement

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP, ALJLAP and the Judicial Plan are 9.35%, 20.12% and 51.68%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all required contributions to HEHPRS. Current year calculated contribution rates are 38.40% for uniformed members of the Highway Patrol and 25.54% for non-uniformed members of the Highway Patrol and employees of the Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

Note 7 - Retirement Systems (cont.)

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	MSEP	ALJLAP	Judicial Plan	HEHPRS
Annual required contribution	$ 164,692	$ 946	$ 20,636	$ 86,725
Interest on net pension obligation	4,850	8	3,346	---
Actuarial adjustment to annual required contribution	(3,371)	(5)	(2,326)	---
Annual pension cost	166,171	949	21,656	86,725
Contributions made	(164,692)	(946)	(20,636)	(86,725)
Increase in net pension obligation	1,479	3	1,020	---
Net pension obligation, beginning of year	57,059	94	39,363	---
Net pension obligation, end of year	$ 58,538	$ 97	$ 40,383	$ ---

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2002, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.0% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP and 0% to 1.6% for ALJLAP and Judicial Plan, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase 4.0% per year after retirement.

The actuarial valuation of the System dated June 30, 2004, will set the required contribution rates for the fiscal year ending June 30, 2006. The actuarial value of assets was determined using a 5-year valuation method which fully recognizes expected investment return and averages unanticipated market return. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 32 years.

The annual required contribution for HEHPRS for the current year was determined as part of an actuarial valuation as of June 30, 2003, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for HEHPRS include (a) rate of return on the investment of 8.25% and (b) projected wage inflation rate of 4.0%.

Note 7 - Retirement Systems (cont.)

As of June 30, 2004, the actuarial valuation of assets was determined using a 3-year smoothed market average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 32 years.

Trend Information (in thousands of dollars)

	MSEP			ALJLAP		
	Fiscal Year Ending			Fiscal Year Ending		
	06/30/04	06/30/03	06/30/02	06/30/04	06/30/03	06/30/02
Annual Pension Cost (APC)	$ 166,171	$ 157,997	$ 210,897	$ 949	$ 953	$ 1,075
Percentage of APC Contributed	99.11%	99.10%	99.34%	99.68%	99.79%	99.77%
Net Pension Obligation	$ 58,538	$ 57,059	$ 55,638	$ 97	$ 94	$ 93

	Judicial Plan			HEHPRS		
	Fiscal Year Ending			Fiscal Year Ending		
	06/30/04	06/30/03	06/30/02	06/30/04	06/30/03	06/30/02
Annual Pension Cost (APC)	$ 21,656	$ 21,748	$ 23,121	$ 86,725	$ 82,039	$ 77,440
Percentage of APC Contributed	95.29%	95.65%	95.53%	100%	100%	100%
Net Pension Obligation	$ 40,383	$ 39,363	$ 38,417	$ ---	$ ---	$ ---

Public School Retirement System of Missouri:

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public colleges and universities and some state employees.

The benefit provisions include retirement annuities, death benefits and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed $2,752,000, $2,951,000, and $3,057,000 for the years ending June 30, 2004, 2003 and 2002, respectively, to the System, equal to the required contributions for each year.

Note 7 - Retirement Systems (cont.)

Copies of the System's June 30, 2004, Comprehensive Annual Financial Report can be requested from:

Public School Retirement System of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

Missouri State Employees' Deferred Compensation Incentive Plan:

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months immediately preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least $25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes $25 per month for each employee that meets these requirements. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2004, employer contributions were $11,214,000. No employee contributions are made to the Plan.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

College and University:

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability and Death Benefit Plan is a single employer, defined benefit plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan and administers it as authorized by state statute.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially equivalent annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Note 7 - Retirement Systems (cont.)

Detailed information concerning the Plan is presented in the University's 2004 financial report, which is publicly available. Copies of this report can be requested from:

University of Missouri System
Office of the Controller
118 University Hall
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 6.7% for the year ended June 30, 2004. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

Annual required contribution	$ 48,521
Interest on net pension obligation	---
Adjustment to annual required contribution	---
Annual pension cost	48,521
Contributions made	(48,521)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	$ ---

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2002, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year, and (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

Trend Information (in thousands of dollars)

	Fiscal Year Ending		
	06/30/04	06/30/03	06/30/02
Annual Pension Cost (APC)	$ 48,521	$ 17,962	$ 25,319
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	$ ---	$ ---	$ ---

Note 8 - Other Postemployment Benefits

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with state statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the Highway and Transportation Employees' and Highway Patrol Insurance Plan (HEHPIP), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, HEHPIP, and CEIP for health care benefits are approximately 11,402, 3,943, and 518, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, HEHPIP, and CEIP for life insurance benefits are 13,825, 3,132, and 353, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. HEHPIP and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2004 the State's contributions were 49.56% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating in each plan is as follows:

	Health Care	Life Insurance
MCHCP	11,402	---
MOSERS	---	13,825
HEHPIP	3,943	3,132
CEIP	518	353
Total	15,863	17,310

During fiscal year 2004 the State contributed the following amounts:

	Health Care	Life Insurance
MCHCP	$ 34,829,913	$ ---
MOSERS	---	1,667,842
HEHPIP	10,584,518	---
CEIP	1,650,612	---
Total	$ 47,065,043	$ 1,667,842

During fiscal year 2004 the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows:

	Health Care	Life Insurance
MCHCP	$ 69,720,735	$ ---
MOSERS	---	---
HEHPIP	24,672,422	1,445,500
CEIP	2,900,340	268,884
Total	$ 97,293,497	$ 1,714,384

Note 8 - Other Postemployment Benefits (cont.)

College and University Funds:

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 5,475 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2004 the University's contributions were 55.85% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,911 for medical care, 4,428 for dental care, 2,750 for life insurance, and 3,952 for accidental death and dismemberment, dependent life and long-term care insurance. During fiscal year 2004, the University contributed $16,647,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were $29,133,000.

Note 9 - Missouri State Public Employees' Deferred Compensation Plan

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

Copies of the Plan's financial statements can be requested from:

PEBSCO - A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Note 10- Changes in Short-Term Liabilities

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts. Budget reserve loans are also issued to the General Revenue Fund and other funds to maintain adequate cash balances for anticipated payments.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2004 (in thousands of dollars):

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Governmental Activities:				
Bank Overdraft	$ 3	$ 525,209	$ (525,209)	$ 3
Budget Reserve Loans	---	298,368	(298,368)	---
Total Governmental Activities	$ 3	$ 823,577	$ (823,577)	$ 3

Note 11 - Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2004 (in thousands of dollars):

	*Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004	Due Within One Year
Governmental Activities:					
Due to Other Entities	$ 34,221	$ 892	$ (2,885)	$ 32,228	$ 699
General Obligation Bonds Payable	900,745	150,305	(195,935)	855,115	55,560
Other Bonds Payable	1,410,955	370,030	(152,475)	1,628,510	51,510
Unamortized Bond Premium	80,145	28,227	(10,510)	97,862	---
Obligations Under Lease/ Purchases	212,470	7,609	(22,891)	197,188	19,779
Compensated Absences	154,742	136,892	(137,681)	153,953	137,681
Claims/Judgments	111,784	139,301	(35,484)	215,601	35,484
2nd Injury Fund Claims/Judgments	201,128	605,454	(56,982)	749,600	56,982
Net Pension Obligation	96,516	275,501	(272,999)	99,018	---
Total Governmental Activities	$ 3,202,706	$ 1,714,211	$ (887,842)	$ 4,029,075	$ 357,695
Business-Type Activities:					
Claims Liability	$ 119,990	$ 7,418	$ (13,742)	$ 113,666	$ 22,000
Grand Prize Winner Liability	105,965	38,500	(37,240)	107,225	41,752
Obligations Under Lease/ Purchases	1,383	---	(48)	1,335	53
Compensated Absences	1,960	3,801	(3,413)	2,348	2,348
Total Business-Type Activities	$ 229,298	$ 49,719	$ (54,443)	$ 224,574	$ 66,153

* Beginning balances as of July 1, 2003 have been restated (see *Note 17*).

Note 12 - Bonds Payable

Bonds are long-term liabilities and are reconciling items from fund financial statements to government-wide financial statements. These bonds are included as long-term liabilities because the principal and interest payments required for retirement of the bonds are made from governmental funds. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

Note 12 - Bonds Payable (cont.)

General Obligation Bonds:

The Board of Fund Commissioner's of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund to the debt service funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the $600,000,000 Third State Building Bonds were used to provide funds for improvements of state buildings and property. Proceeds from the $250,000,000 Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Water Pollution Control Bonds:				
Series A 1987 Refunding	8/1/87	$ 49,715	A 1981	$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991 Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992 Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993 Refunding	8/1/93	109,415	A 1987 Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991 Refunding	11,355
Series B 2002 Refunding	10/15/02	147,710	C 1991 Refunding	21,875
			A 1992	26,560
			B 1992 Refunding	33,595
			A 1993	22,350
			A 1995	22,520
			A 1996	25,900
Series A 2003 Refunding	10/29/03	74,655	B 1993 Refunding	76,540
Third State Building Bonds:				
Series A 1987 Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991 Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991 Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992 Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993 Refunding	8/1/93	148,480	A 1987 Refunding	113,725
			A 1991 Refunding	22,935
Series A 2002 Refunding	10/15/02	211,630	B 1991 Refunding	47,320
			A 1992 Refunding	181,170
Series A 2003 Refunding	10/29/03	75,650	A 1993 Refunding	79,380
Fourth State Building Bonds:				
Series A 2002 Refunding	10/15/02	154,840	A 1995	56,300
			A 1996	92,485

Note 12 - Bonds Payable (cont.)

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2004, $544,494,240 of the Water Pollution Control Bonds; $600,000,000 of the Third State Building Bonds; $250,000,000 of the Fourth State Building Bonds; and $45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is $180,505,760 and for Stormwater Control Bonds is $155,000,000. There is no remaining authorization for the Third State Building Bonds or the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series A 1995	5.125- 8.0%	4/1; 10/1	4/95	4/1/05	$ 30,000	$ 950
Series A 1996	5.2 - 6.25%	2/1; 8/1	8/96	8/1/06	35,000	3,165
Series A 1998	4.25 - 6.25%	12/1; 6/1	6/98	6/1/23	35,000	29,690
Series A 1999	4.5 - 7.5%	10/1; 4/1	10/99	10/1/24	20,000	18,115
Series A 2001	4.0 - 7.0%	12/1; 6/1	6/01	6/1/26	20,000	18,545
Series A 2002	3.0 - 5.25%	2/1; 8/1	8/02	8/1/27	30,000	29,305
Series B 2002 - Refunding	3.375- 5.0%	4/1; 10/1	10/02	10/1/21	147,710	147,710
Series A 2003 - Refunding	3.25 - 6.0%	2/1; 8/1	10/03	8/1/16	74,655	74,655
Third State Building Bonds:						
Series A 2002 - Refunding	4.0 - 5.0%	4/1; 10/1	10/02	10/1/12	211,630	204,355
Series A 2003 - Refunding	3.25 - 6.0%	2/1; 8/1	10/03	8/1/12	75,650	75,650
Fourth State Building Bonds:						
Series A 1995	5.125- 8.0%	4/1; 10/1	4/95	4/1/20	75,000	2,370
Series A 1996	5.2 - 6.25%	2/1; 8/1	8/96	8/1/21	125,000	11,310
Series A 1998	4.25 - 6.25%	12/1; 6/1	6/98	6/1/23	50,000	42,415
Series A 2002 - Refunding	3.375- 5.0%	4/1; 10/1	10/02	10/1/21	154,840	154,840
Stormwater Control Bonds:						
Series A 1999	4.5 - 7.5%	10/1; 4/1	10/99	10/1/24	20,000	18,115
Series A 2001	4.0 - 7.0%	12/1; 6/1	6/01	6/1/26	10,000	9,270
Series A 2002	3.0 - 5.25%	2/1; 8/1	8/02	8/1/27	15,000	14,655
Total General Obligation Bonds					$ 1,129,485	$ 855,115

As of June 30, 2004, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 55,560	$ 39,589	$ 95,149
2006	67,475	36,547	104,022
2007	72,685	33,153	105,838
2008	79,205	29,628	108,833
2009	76,700	26,029	102,729
2010-2014	240,280	85,917	326,197
2015-2019	153,370	45,422	198,792
2020-2024	92,250	13,694	105,944
2025-2028	17,590	1,488	19,078
Totals	$ 855,115	$ 311,467	$ 1,166,582

Note 12 - Bonds Payable (cont.)

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and to pay the costs of operations. The total amount authorized for the Board equals $825,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 1983 Refunding	10/1/83	$ 43,445	A 1981	$ 43,445
Series A 1985 Refunding	12/1/85	150,560	1966	2,160
			1967	825
			A 1978	11,745
			A 1979	2,260
			A 1980	3,795
			A 1983 Refunding	39,875
			A 1984	89,900
Series A 1991 Refunding	12/1/91	148,500	A 1985 Refunding	107,700
			A 1988	19,165
			B 1988	2,550
			C 1988	2,145
Series B 2001 Refunding	10/1/01	83,465	A 1991 Refunding	86,810

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2004, the Board of Public Buildings Bonds had issued $751,205,000 of the bond authorization. The remaining authorization is $73,795,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2001	4.25 - 5.5%	5/1; 11/1	5/01	5/1/26	$ 173,870	$ 161,985
Series B 2001 - Refunding	3.5 - 5.5%	6/1; 12/1	10/01	12/1/12	83,465	67,070
Series A 2003	4.0 - 6.0%	4/15;10/15	4/03	10/15/28	387,425	387,425
Total Board of Public Buildings Bonds					$ 644,760	$ 616,480

Note 12 - Bonds Payable (cont.)

As of June 30, 2004, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 13,560	$ 30,506	$ 44,066
2006	14,130	29,891	44,021
2007	25,715	29,043	54,758
2008	26,535	27,764	54,299
2009	27,500	26,353	53,853
2010-2014	110,495	112,550	223,045
2015-2019	113,800	84,692	198,492
2020-2024	142,575	53,779	196,354
2025-2029	142,170	16,830	159,000
Totals	$ 616,480	$ 411,408	$ 1,027,888

The Health and Educational Facilities Authority issued $35,000,000 of Educational Facilities Revenue Bonds (University of Missouri-Columbia Arena Project), Series 2001, dated November 1, 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year. These bonds are included as long-term liabilities since they will be repaid with moneys from the General Fund.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2004 were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Educational Facilities Revenue Bonds:						
Series 2001	3.0 - 5.0%	5/1; 11/1	11/01	11/1/21	$ 35,000	$ 35,000

As of June 30, 2004, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 1,335	$ 1,534	$ 2,869
2006	1,380	1,493	2,873
2007	1,430	1,450	2,880
2008	1,485	1,402	2,887
2009	1,545	1,349	2,894
2010-2014	8,805	5,576	14,381
2015-2019	11,005	3,339	14,344
2020-2022	8,015	586	8,601
Totals	$ 35,000	$ 16,729	$ 51,729

Note 12 - Bonds Payable (cont.)

The Regional Convention and Sports Complex Authority issued $132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991. On December 15, 1993, the Authority issued $121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was $101,410,000. On July 30, 2003, the Authority issued $116,030,000 of Convention and Sports Facility Project Refunding Bonds, Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds, Series A 1991 and Series A 1993 Refunding Bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was $2,845,000 for the Series A 1991 Bonds and $113,170,000 for the Series A 1993 Refunding Bonds. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of $10,000,000 for principal and interest and $2,000,000 for maintenance each year. These bonds are included as long-term liabilities since they will be repaid with moneys from the General Fund.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2004 were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Convention and Sports Facility Project Bonds:						
Series A 2003 - Refunding	1.42-5.375%	2/15; 8/15	7/03	8/15/21	$ 116,030	$ 116,030

As of June 30, 2004, the debt service requirement of the State for principal and interest in future years for the Convention and Sports Facility Project Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 4,115	$ 5,885	$ 10,000
2006	4,395	5,605	10,000
2007	4,565	5,435	10,000
2008	4,755	5,245	10,000
2009	4,985	5,015	10,000
2010-2014	28,830	16,170	45,000
2015-2019	37,125	7,875	45,000
2020-2022	27,260	7,740	35,000
Totals	$ 116,030	$ 58,970	$ 175,000

Note 12 - Bonds Payable (cont.)

The Missouri Highways and Transportation Commission authorized by Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the State Road Fund.

The total amount authorized for the Commission equals $2,250,000,000. On December 1, 2000, the Commission issued $250,000,000 principal amount of State Road Bonds, Series A 2000. In October 2001, the Commission issued $200,000,000 principal amount of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with principal amount of $203,000,000. In November 2003, the Commission issued $254,000,000 principal amount of State Road Bonds, Series A 2003. As of June 30, 2004, the Missouri Highways and Transportation Commission had used $907,000,000 of the bond authorization.

The State Road Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30-5.625%	2/1; 8/1	12/00	2/1/20	$ 250,000	$ 225,965
Series A 2001	2.25-5.125%	2/1; 8/1	10/01	2/1/21	200,000	185,470
Series A 2002	3.00-5.25%	2/1; 8/1	6/02	2/1/22	203,000	195,565
Series A 2003	2.00-5.00%	2/1; 8/1	11/03	2/1/23	254,000	254,000
Total Missouri Highways and Transportation Commission					$ 907,000	$ 861,000

As of June 30, 2004 debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission State Road Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 32,500	$ 43,788	$ 76,288
2006	35,440	40,537	75,977
2007	36,740	39,086	75,826
2008	38,005	37,519	75,524
2009	39,540	35,740	75,280
2010-2014	225,990	147,599	373,589
2015-2019	285,845	85,159	371,004
2020-2023	166,940	16,379	183,319
Totals	$ 861,000	$ 445,807	$ 1,306,807

Note 12 - Bonds Payable (cont.)

Component Units' Long-Term Debt - The following bonds are included in the balance sheet of the College and University Funds and the Non-Major Component Units.

Major

College and University Funds:

The colleges and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2004, debt service requirements for principal and interest for the colleges and universities were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 25,153	$ 37,595	$ 62,748
2006	28,452	36,588	65,040
2007	29,321	35,472	64,793
2008	28,520	34,293	62,813
2009	29,774	33,073	62,847
2010-2014	153,975	145,310	299,285
2015-2019	161,839	108,967	270,806
2020-2024	188,175	71,425	259,600
2025-2029	167,405	31,898	199,303
2030-2034	94,975	5,295	100,270
Totals [1]	$ 907,589	$ 539,916	$ 1,447,505

[1] The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

Non-Major

Development Finance Board:

On July 1, 2000, the Development Finance Board issued $7,700,000 in Infrastructure Facilities Grant Anticipation Bonds, Series 2000A. The Series 2000A bonds are not an obligation of the Board and do not constitute a pledge of the full faith and credit of the State. In December 2000, the Board issued $6,500,000 and $14,600,000 in Facilities Revenue Bonds Series 2000B and 2000C, respectively for the purpose of paying the costs of acquiring and constructing a convention center hotel and hotel garage in St. Louis. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the convention center.

The Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Development Finance Board:						
Revenue Bonds						
Series 2000A	5.75%	8/1	7/00	8/1/04	$ 7,700	$ 7,700
Series 2000B	up to 8.5%	12/1	12/00	12/1/20	6,500	5,200
Series 2000C	up to 6.7%	12/1	12/00	12/1/20	14,600	12,900
Total Development Finance Board Revenue Bonds					$ 28,800	$ 25,800

Note 12 - Bonds Payable (cont.)

As of June 30, 2004, the debt service requirements for principal and interest in future years for the Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 7,700	$ 2,020	$ 9,720
2006	---	1,794	1,794
2007	---	1,794	1,794
2008	---	1,768	1,768
2009	---	1,747	1,747
2010-2014	---	8,326	8,326
2015-2019	1,900	7,518	9,418
2020-2021	16,200	2,706	18,906
Totals	$ 25,800	$ 27,673	$ 53,473

In December 2002, the Development Finance Board purchased a rate cap agreement of 8.5% for Series 2000B bonds and 6.7% for Series 2000C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate. The annual debt service schedule above uses an interest rate of 8.5% for the Series 2000B and Series 2000C bonds, which represents the maximum interest rate under the rate cap agreement.

Under a financing agreement dated July 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Development Finance Board in the amount of $7,700,000 to pay the principal on the Series 2000A bond. The future payments to the Corporation are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Commission Payments
2005	$ 7,700

Transportation Corporations:

The Fulton 54 Transportation Corporation issued $8,705,000 of Highway Revenue Bonds Series 2000 dated September 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Fulton 54 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60-5.00%	9/1	9/00	9/1/07	$ 8,705	$ 8,705

Note 12 - Bonds Payable (cont.)

As of June 30, 2004, debt service requirements for principal and interest in future years for the Fulton 54 Transportation Corporation Revenue Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 2,165	$ 363	$ 2,528
2006	2,165	262	2,427
2007	2,180	158	2,338
2008	2,195	51	2,246
Totals	$ 8,705	$ 834	$ 9,539

Under a financing agreement dated September 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Fulton 54 Transportation Corporation in the amount of $7,695,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Commission Payments
2005	$ 2,165
2006	2,165
2007	2,165
2008	1,200
Total	$ 7,695

The Missouri Highway 179 Transportation Corporation issued $22,930,000 of Highway Revenue Bonds Series 1997 dated September 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Highway 179 Transportation Corporation: Highway Revenue Bonds Series 1997	3.95 - 5.25%	3/1; 9/1	9/97	9/1/08	$ 22,930	$ 12,695

Note 12 - Bonds Payable (cont.)

As of June 30, 2004, debt service requirements for principal and interest in future years for the Missouri Highway 179 Transportation Corporation Highway Revenue Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 2,315	$ 563	$ 2,878
2006	2,420	456	2,876
2007	2,530	344	2,874
2008	2,645	216	2,861
2009	2,785	73	2,858
Totals	$ 12,695	$ 1,652	$ 14,347

Under a financing agreement dated August 1, 1997, the Missouri Highways and Transportation Commission will make payments to the Highway 179 Transportation Corporation in the amount of $24,910,000 to pay a portion of the principal and interest on the bonds. The remaining payments are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Commission's Total Payments
2005	$ 1,782	$ 658	$ 2,440
2006	1,755	759	2,514
2007	1,709	880	2,589
2008	1,580	1,088	2,668
2009	1,742	1,358	3,100
Totals	$ 8,568	$ 4,743	$ 13,311

On August 1, 1999, the Corporation issued $17,240,000 of Transportation Revenue Bonds, Series 1999. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Springfield, MO State Highway Improvement Corporation: Transportation Revenue Bonds Series 1999	3.6 - 4.75%	2/1; 8/1	8/99	8/1/05	$ 17,240	$ 8,470

Note 12 - Bonds Payable (cont.)

As of June 30, 2004, debt service requirements for principal and interest in future years for the Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 5,000	$ 275	$ 5,275
2006	3,470	78	3,548
Totals	$ 8,470	$ 353	$ 8,823

Under an amended financing agreement dated August 5, 1999, the Missouri Highways and Transportation Commission will make payments to the Springfield, MO Highway Improvement Corporation in the amount of $28,667,000 to pay a portion of the principal of the bonds. The remaining payments are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Commission Payments
2005	$ 5,000
2006	3,667
Total	$ 8,667

The Wentzville Parkway Transportation Corporation issued $12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2004, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Wentzville Parkway Transportation Corporation:						
Transportation Revenue Bonds Series 2001	3.4 - 4.9%	2/1; 8/1	5/01	8/1/10	$ 12,935	$ 12,510

Note 12 - Bonds Payable (cont.)

As of June 30, 2004, debt service requirements for principal and interest in future years for the Wentzville Parkway Transportation Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2005	$ 85	$ 566	$ 651
2006	100	562	662
2007	8,935	362	9,297
2008	485	152	637
2009	515	129	644
2010-2011	2,390	149	2,539
Totals	$ 12,510	$ 1,920	$ 14,430

Under a funding agreement dated April 6, 2001, the Missouri Highways and Transportation Commission will make a fixed sum payment to the Wentzville Parkway Transportation Corporation in the amount of $8,850,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Commission Payments
2005	$ ---
2006	---
2007	8,850
Total	$ 8,850

Bond Transactions of the State of Missouri - The following schedule is a summary of bond activity for the fiscal year ended June 30, 2004 (in thousands of dollars):

	Governmental Funds		Component Units	
	General Obligation Bonds	Other Bonds	Revenue Bonds	Totals
Bonds Payable at July 1, 2003	$ 900,745	$ 1,410,955	$ ---	$ 2,311,700
Bond Issuance	150,305	370,030	---	520,335
Bonds Retired	(195,935)	(152,475)	---	(348,410)
Subtotal	855,115	1,628,510		2,483,625
College and University[1]	---	---	907,589	907,589
Development Finance Board	---	---	25,800	25,800
Fulton 54 Transportation Corporation	---	---	8,705	8,705
Highway 179 Transportation Corporation	---	---	12,695	12,695
Springfield, MO State Highway Improvement	---	---	8,470	8,470
Wentzville Parkway Transportation Corporation	---	---	12,510	12,510
Bonds Payable at June 30, 2004	$ 855,115	$ 1,628,510	$ 975,769	$ 3,459,394

[1] Detailed information for College and University Funds are not shown.

Note 13 - Defeased Debt

A. Current Year Debt Defeasance

On October 29, 2003, the State of Missouri issued $74,655,000 in Water Pollution Control General Obligation Refunding Bonds, Series A 2003, with interest rates ranging from 3.25% to 6.00% to refund $76,540,000 of outstanding Water Pollution Control, Series B 1993-Refunding with interest rates ranging from 4.30% to 7.30%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 12 years by $6,183,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of $5,320,000.

On October 29, 2003, the State of Missouri issued $75,650,000 in Third State Building General Obligation Refunding Bonds, Series A 2003, with interest rates ranging from 3.25% to 6.00% to refund $79,380,000 of outstanding Third State Building, Series A 1993-Refunding with interest rates ranging from 4.30% to 7.30%. The securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the financial statements. The State reduced its total debt service payments over the next 8 years by $5,361,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of $4,936,000.

On July 30, 2003, the Regional Convention and Sports Complex Authority issued $116,030,000 in Convention and Sports Facility Project Refunding Bonds, Series A 2003, with interest rates ranging from 1.42% to 5.38% to refund $2,845,000 of Series A 1991 Convention and Sports Facility Project bonds with interest rates ranging from 4.90% to 6.90%, to refund $113,170,000 of Series A 1993 Convention and Sports Facility Project Refunding Bonds with interest rates ranging from 2.75% to 5.60%, and to pay costs of additions and enhancements to the project. The securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the financial statements. The total debt service payments were reduced by $4,892,000 over the next 18 years to obtain an economic gain (difference between the present values of the old and the new debt service payments) of $3,343,000.

On November 13, 2003, the University of Missouri issued $37,085,000 of System Facilities Revenue Bonds, Series 2003 B. The Series 2003 B Bonds refunded $36,780,000 of System Facilities Revenue Bonds, Series 1993. The bonds are considered to be defeased and the liability for these bonds has been removed from the financial statements of the University. The refunding resulted in an aggregate decrease in debt service payments of $5,288,000. The University's loss of $1,143,000 in connection with the insubstance defeasance of Series 1993 Bonds is included as a reduction of debt outstanding and will be amortized over the remaining life of the original Series 1993 Bonds. The defeasance resulted in an economic gain (difference between the present values of the old and new debt service payments) of $3,525,000 for the System Facilities Revenue Bonds. At June 30, 2004, defeased bonds aggregating $53,620,000 are outstanding.

On December 3, 2003, Missouri Western State College issued $26,535,000 of Auxiliary System Refunding and Improvement Revenue Bonds, Series 2003 to refund $6,600,000 of outstanding Series 1993 Bonds. The Series 2003 Bonds bear interest rates ranging from 1.10% to 5.00%. The Series 1993 Bonds had interest rates ranging from 2.35% to 5.40%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. During fiscal year 2004, the Series 1993 bonds were called. As a result, the liability for the bonds has been removed from the financial statements. The college reduced its total debt service over the next 12 years by $369,000 to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of $27,000. As of June 30, 2004, there were no defeased bonds outstanding.

Note 13 - Defeased Debt (cont.)

B. Prior Year Debt Defeasances

In prior years, various bond issues were defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and university funds Statement of Net Assets.

Governmental Activities - As of June 30, 2004, bonds outstanding of $379,924,000 are defeased.

College and University Funds - As of June 30, 2004, bonds outstanding of $89,881,000 are defeased.

Note 14 - Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2004, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2004
Accounts Payable:			
Taxpayers	$ 78,845	$ 16	$ 78,861
Other Governments	219,221	630	219,851
Vendors	802,077	302,141	1,104,218
Beneficiaries	5	41	46
Employees	103,798	1,695	105,493
Other	50,047	2	50,049
Total Accounts Payable	$ 1,253,993	$ 304,525	$ 1,558,518
Accounts Receivable:			
Taxpayers	$ 1,159,683	$ 3,508	$ 1,163,191
Other Governments	511,779	---	511,779
Vendors	847,481	---	847,481
Customers	548,614	149,403	698,017
Other	130,260	1,342	131,602
Accounts Receivable	3,197,817	154,253	3,352,070
Amounts not expected to be collected	(1,072,407)	(16)	(1,072,423)
Accounts Receivable, net	$ 2,125,410	$ 154,237	$ 2,279,647

Note 15 - Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2004, is shown below (in thousands of dollars):

Due From/To Other Funds, Component Units, and Primary Government	Assets	Liabilities
General Fund	$ 82	$ 25,147
Public Education	18,218	232
Conservation and Environmental Protection	1,126	1,785
Transportation and Law Enforcement	12	2,038
State Road Fund	1,516	17,810
Non-Major Governmental Funds	171	1,903
State Lottery	---	18,376
Petroleum Storage Tank Insurance	---	22
Non-Major Enterprise Funds	154	573
Internal Service Funds	19,424	1,232
Fiduciary Funds	33,304	20,563
Non-Major Component Units	17,454	1,780
	$ 91,461	$ 91,461

Interfund assets and liabilities are recorded for payroll liabilities, group insurance, deferred compensation, retirement, and interfund sales and services. Interfund assets and liabilities are also recorded for transfers of money from the State Lottery Fund to public education funds, from fiduciary funds to the State Road Fund, from the non-major component units to conservation and environmental protection funds, and between the non-major component units and the State Road Fund.

Advances To/From Other Funds, Component Units, and Primary Government	Assets	Liabilities
General Fund	$ ---	$ 61,607
Conservation and Environmental Protection	3,590	---
State Road Fund	3,646	44,145
Fiduciary Funds	61,607	---
Non-Major Component Units	51,835	14,926
	$ 120,678	$ 120,678

Interfund advances, which are not expected to be repaid within one year, include $44.1 million advance from the State Road Fund to the non-major component units, $61.6 million advance from the General Fund to the Unclaimed Property Fund, $3.6 million advance from the non-major component units to conservation and environmental protection type funds, $7.7 million between the non-major component units, and $3.6 million advance from the non-major component units to the State Road Fund.

The loans from the component units were for the construction of additional state highways. Loans from the Unclaimed Property Fund were to provide resources for cash flow requirements.

During the consolidation process for the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: Business-type activities in the amount of $3,000 and governmental activities in the amount of $7,146,000.

Advances between non-major component units of $7,690,000 have been eliminated on the Government-Wide Combined Statement of Net Assets.

Note 16 - Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2004 are as follows (in thousands of dollars):

	Transfers In:				
Transfers Out:	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
General Fund	$ ---	$ 2,273,696	$ 18	$ 3,707	$ 13
Public Education	3,016	---	---	---	---
Conservation and Environmental Protection	2,366	---	---	---	---
Transportation and Law Enforcement	561	---	---	---	169,010
Non-Major Governmental Funds	90,948	32,534	11,169	---	---
State Lottery	---	229,931	---	---	---
Petroleum Storage Tank	101	---	---	---	---
Non-Major Enterprise Funds	606	---	---	965	---
Internal Service Funds	4,793	---	---	---	---
Fiduciary Funds	39,134	---	---	---	---
Non-Major Component Units	1	---	---	---	---
Totals	$ 141,526	$ 2,536,161	$ 11,187	$ 4,672	$ 169,023

Continues Below

Transfers Out:	Non-Major Governmental	Non-Major Enterprise	Fiduciary	Non-Major Component	Totals
General Fund	$ 98,874	$ ---	$ ---	$ 35	$ 2,376,343
Public Education	---	---	---	---	3,016
Conservation and Environmental Protection	1,487	---	---	---	3,853
Transportation and Law Enforcement	---	---	5,572	---	175,143
Non-Major Governmental Funds	22,969	12,600	---	---	170,220
State Lottery	---	---	---	---	229,931
Petroleum Storage Tank	---	---	---	---	101
Non-Major Enterprise Funds	---	---	---	---	1,571
Internal Service Funds	---	---	---	---	4,793
Fiduciary Funds	2,604	---	---	---	41,738
Non-Major Component Units	---	---	---	---	1
Totals	$ 125,934	$ 12,600	$ 5,572	$ 35	$ 3,006,710

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving State Lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets.

During fiscal year 2004, certain funds were required to reimburse the central service agencies for overhead costs incurred on their behalf. The total amount reimbursed was $11.2 million. Additional transfers of $3.5 million from the internal service funds to the General Fund occurred for cash flow purposes and $12.6 million from capital projects funds to Missouri Veterans' Homes, a non-major enterprise fund, occurred to pay for operations.

Note 17- Restatements

During fiscal year 2004, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars):

	June 30, 2003 Fund Balance/ Net Assets Previously Reported	Fund Reclassifications	Prior Period Adjustments	June 30, 2003 Fund Balance/ Net Assets Restated
GOVERNMENTAL FUNDS				
Major Governmental Funds				
General Fund	$ 1,034,042	$ ---	$ (52,312)	$ 981,730
Public Education	176,380	---	639	177,019
Conservation and Environmental Protection	855,983	---	1,359	857,342
Transportation and Law Enforcement	116,508	---	257	116,765
State Road Fund	308,986	---	---	308,986
Non-Major Governmental Funds				
Special Revenue	194,040	---	685	194,725
Debt Service	107,746	---	298	108,044
Capital Projects	332,679	---	979	333,658
Permanent	37,978	---	57	38,035
Total Governmental Funds	$ 3,164,342	$ ---	$ (48,038)	$ 3,116,304
PROPRIETARY FUNDS				
Major Enterprise Funds				
State Lottery	$ 20,410	$ ---	$ ---	$ 20,410
Unemployment Compensation	97,025	---	---	97,025
Petroleum Storage Tank Insurance	(75,052)	---	181	(74,871)
Non-Major Proprietary Funds				
Enterprise	38,383	---	15,188	53,571
Internal Service	395,281	---	(7,268)	388,013
Total Proprietary Funds	$ 476,047	$ ---	$ 8,101	$ 484,148
FIDUCIARY FUNDS				
Pension (and Other Employee Benefit) Trust	$ 6,589,341	$ 745,176 *	$ ---	$ 7,334,517
Private-Purpose Trust	747,286	(745,176) *	38	2,148
Total Fiduciary Funds	$ 7,336,627	$ ---	$ 38	$ 7,336,665
DISCRETELY PRESENTED COMPONENT UNITS				
Colleges and Universities	$ 3,471,575	$ ---	$ (537)	$ 3,471,038
Non-Major Funds	129,696	---	---	129,696
Total Component Units	$ 3,601,271	$ ---	$ (537)	$ 3,600,734

* The Missouri State Public Employees' Deferred Compensation (IRC 457) Plan has been reclassified from a private purpose trust fund to a pension (and other employee benefit) trust fund (see *Note 2).*

Purpose for restatements:

Restatements were made to all appropriated state funds to reclassify cash equivalents as investments for securities and other moneys that have an average maturity of greater than 90 days. Fund balance/net assets were restated by the amount of the unrealized gain or loss on the investments to report these investments at fair value.

Governmental funds were also restated as a result of additional information received relating to prior year revenue corrections, increases/decreases in accounts payable, and inventory. The largest restatement for Governmental funds was a $56.7 million increase to the General Fund's accounts payable.

Non-major enterprise funds were restated mainly due to a $13.5 million increase to the State Parks Fund's net assets to include land and buildings not previously reported.

Note 17 - Restatements (cont.)

Internal service funds were restated mainly due to a $7.1 million increase in accumulated depreciation for the State Facility and Operation Fund.

College and university net assets were restated to record corrections made to prepaid expenses, fixed assets, funds held for others, and payables.

On the Government-Wide Statement of Activities, net assets for governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, net assets for governmental activities were restated to account for the net pension obligation that was not reported as a liability last year.

Obligations under capital lease for governmental activities were restated as most lease contracts were written with a lease term of one year and a series of renewal options. The new language no longer qualifies most leases as capital in nature. Immaterial restatements were also made to other long-term liability accounts and other government-wide reconciling items.

Capital assets for governmental activities were restated as a result of additional information received related to prior year corrections.

Net assets for business-type activities on the Government-Wide Statement of Activities were restated by the sum of all amounts shown on the restatement schedule for enterprise funds. As mentioned earlier, the restatements were primarily to include State Parks' land and buildings not previously reported.

Note 18 - Fund Deficit

The following funds had deficit balances:

Enterprise Fund - Unemployment Compensation - At June 30, 2004, this fund had a net asset deficit of $83,025,000. This deficit occurred when revenue from employers' state unemployment contributions were not sufficient to cover the cost of unemployment benefits paid. In order to continue paying unemployment benefits, the fund borrowed from the U.S. Treasury as allowed by Title XII of the Social Security Act. The fund's Title XII liability was $288,557,000 at June 30, 2004. House Bills 1268 and 1211, passed during the fiscal year and signed by the Governor, will increase employer contributions into the fund and authorizes the refinancing of this liability through the issuance of debt instruments. Beginning in calendar year 2005, if the Title XII advances are not refinanced, the federal government will reduce federal employer unemployment tax credits, thereby increasing federal unemployment tax collections and will use these additional collections to pay off the fund's liability over the next several years.

Enterprise Fund - Petroleum Storage Tank - At June 30, 2004, this fund had a net asset deficit of $61,236,000. The restated deficit at June 30, 2003 was $74,871,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will be closed on December 31, 2010, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the general assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the petroleum storage tank fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Note 18 - Fund Deficit (cont.)

Enterprise Fund – Missouri Veterans' Homes – At June 30, 2004, this fund had a net asset deficit of $27,000. The restated deficit at June 30, 2003 was $422,000. The deficit occurred when rising medical costs, especially pharmacy expenses, outpaced increased funding. The annual spending authority from the fund exceeds the revenues. However, per Section 313.835, RSMo, the Veterans' Commission Capital Improvement Trust Fund is authorized to make fund transfers to the Missouri Veterans' Home Fund as necessary to maintain solvency. The current situation is being monitored closely by the Department of Public Safety. Possible solutions include cost containment of medical costs, increased general revenue funding, and increased funding from the federal government. A last resort may involve higher charges to residents.

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2004, this fund had a net assets deficit of $3,143,000. This deficit was $5,282,000 at June 30, 2003. The deficit occurred when revenue from insurance premiums were not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. An actuarial study was completed in April 2004. The fiscal year 2005 appropriations were based on the actuarial study and budget availability. Increases in appropriations should eliminate the deficit over time.

Component Unit – Missouri Highway 63 Transportation Corporation – At June 30, 2004, the transportation corporation had a net asset deficit of $87,000. This deficit was $94,000 at June 30, 2003. This deficit initially occurred because the corporation was established during fiscal year 2003 and incurred one-time start up expenses. According to the Missouri Highway 63 Transportation Corporation's audited financial statements, the City of Kirksville has agreed to fund any corporation net asset deficits.

Note 19 - Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan is administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending December 31, 2005. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2003, total investments of the Plan were $860,352,000 and investments in Nationwide Life Insurance Company were $750,721,000.

Note 20 - Commitments

Contracts

The Department of Conservation had contracts outstanding of $226,000 for land acquisition and $4,854,000 for construction contracts at June 30, 2004. These contracts are funded through the special revenue funds from specific sales tax, fees and permits.

The Department of Transportation had long-term contracts of $682,960,000 outstanding at June 30, 2004. These contracts are paid from capital projects funds with approximately 73.37% federal reimbursement expected.

Note 20 - Commitments (cont.)

The Office of Administration, Division of Design and Construction, had construction contracts outstanding at June 30, 2004, of $49,320,000. Approximately 11% will be paid from the General Fund, 4% from special revenue funds, 60% from capital projects funds, and 25% from internal service funds.

The Department of Elementary and Secondary Education has desegregation payments outstanding of $55 million at June 30, 2004. These payments are due to the St. Louis Public School District based upon Court Order L(266)99 approving the 1999 settlement agreement requiring annual payments. The future payments are as follows:

July 1, 2005	$13 million
July 1, 2006	$12 million
July 1, 2007	$11 million
July 1, 2008	$10 million
July 1, 2009	$ 9 million

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to $10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2004 was $362,000. Payment of principal and interest must be completed by the end of a 50 year period beginning from the date of the contract (March 1988).

Note 21 - Landfill Closure and Postclosure

The State does not own any municipal solid waste landfills (MSWLF), however, the State does pay for closure and postclosure care requirements in the event the owner refuses or is unable to properly maintain his/her landfill. Each landfill owner must obtain a financial assurance instrument to be held by the State as collateral. These financial instruments can include financial guarantee bonds, performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligation, trust funds, or escrow accounts. At June 30, 2004, the value of non-forfeited financial assurance instruments was $274,761,000, which is reported in agency funds.

At June 30, 2004, seven MSWLF's and one waste tire site have defaulted on their obligation to pay closure and postclosure care costs. Financial assurance instruments in the amount of $675,000 have been forfeited to the State as authorized by Missouri Revised Statutes Chapter 260, Section 228. The State has assumed responsibility for these related costs. All of the MSWLF's the State has assumed responsibility for were closed between 1994 and 2000. The State will monitor and pay postclosure expenses for 30 years in accordance with EPA regulations. At June 30, 2004, it is expected that $902,000 will be paid over the remaining monitoring periods. This is the amount that has been reserved on the combining balance sheet of the governmental funds for landfill postclosure care costs.

Note 22 - Contingencies

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage.

Note 22 - Contingencies (cont.)

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Assets. Expenditures are recognized as payments are made.

At June 30, 2004, the amount of the contingent liabilities was $216 million. Changes in the reported liability since June 30, 2003, resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2003-2004	$ 111,784,447	$ 139,300,560	$ (35,483,758)	$ 215,601,249
2002-2003	226,293,410	(84,500,674)	(30,008,289)	111,784,447
2001-2002 *	33,197,671	223,770,916	(30,675,177)	226,293,410

*Restated to exclude Second Injury Fund.

RSMo 287.220.6 requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the Fund. Figures presented below for current year claims and changes in estimates are based on the 2001 and 2004 actuarial studies. At June 30, 2004, the amount of liabilities for the Second Injury Fund was $750 million. Changes in the reported liability since June 30, 2003, resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2003-2004	$ 201,127,755	$ 605,454,470	$ (56,982,225)	$ 749,600,000
2002-2003	242,596,242	8,740,950	(50,209,437)	201,127,755
2001-2002	280,087,260	7,265,256	(44,756,274)	242,596,242

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial.

Loan Guarantees:

The State appropriates money to the Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from state appropriations. The total loans outstanding at June 30, 2004, for which the Board has guaranteed payment is $7,000. During 2004, no loans defaulted.

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 25% first-loss guarantee on loans up to $250,000. The total of loans outstanding at June 30, 2004, for which the Authority has guaranteed payment is $3,360,000 and $1,116,000, respectively. There were no loan default payments for the Single-Purpose Animal Facilities Loan Program, however the Authority did make payments in the amount of $35,000 for defaults in the Value Added Loan Guarantee Program.

Note 22 - Contingencies (cont.)

Medicaid Lawsuits:

Blessing Hospital, Gravette Medical Center Hospital, and Shelby County Health Care Corp vs. Department of Social Services, Division of Medical Services (DSS/DMS) (Case No. 03CV324295). These out of state hospitals filed a lawsuit against the DSS/DMS in the Circuit Court of Cole County, Missouri, challenging the reimbursement rate paid by Missouri to out of state hospitals on behalf of Missouri Medicaid beneficiaries. The claim is currently unliquidated and is being disputed. Counsel estimates the claims may exceed $2,500,000 in the event of an adverse judgment.

Alliance for Community Health vs. DSS/DMS – Administrative Hearing Commission (Case No. 02-0088SP), et al – DSS reduced payments to the managed care provider when the provider failed to achieve the contractual requirement that it meet an 80% screening rate for Medicaid's Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT). Alliance is seeking judgment in the amount of $3,800,000.

Sales Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859). The Missouri Supreme Court held that Southwestern Bell Telephone Company was entitled to a refund of sales and use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. The case was remanded to the Administrative Hearing Commission for further determination as to which items are used in manufacturing the digital phone service product. Refunds to Southwestern Bell and other related companies could adversely affect the State's General Revenue Fund by $77.2 million.

The Missouri Supreme Court has ruled that hotel guests in effect purchase the electricity used in their room during their stay at the hotel and, therefore, applicable charges are exempt from sales tax. This pertains to water, gas, and other items used in hotel rooms as well. Requests by hotels/motels for refunds could adversely affect the State's General Revenue Fund by $32.3 million.

The State has brought an appeal before the Missouri Supreme Court of a lower court's decision to classify caskets and vaults as fixtures of a funeral home until being sold to a customer. This would make the funeral home's purchase price, but not the sales price, taxable to the funeral home. Requests by funeral homes for refunds could adversely affect the State's General Revenue Fund by $1.8 million.

The Missouri Supreme Court has ruled that a business that operates a cafeteria solely for the benefit of its employees is not serving food to the general public and is exempt from sales tax on food items sold to the business' employees. Requests by businesses for refunds could adversely affect the State's General Revenue Fund by $1.3 million.

Education Lawsuits:

Two education lawsuits are pending; Board of Education of the City of St. Louis and Voluntary Interdistrict Choice Corporation (VICC) vs. the State of Missouri and the Missouri State Board of Education (Case No. 034-00284), filed in the Circuit Court of St. Louis City, and Committee for Educational Equality, et al vs. the State of Missouri, et al (Case No. 04CV323022), filed in the Circuit Court of Cole County. Decisions in these cases may require additional state money or a revision to the current school aid formula.

Contractual Lawsuit:

LogistiCare Solutions, LLC vs. Office of Administration, (Case No. 04CV325071), et al – This out of state medical transportation company filed a lawsuit that disputes the State's decision to terminate the contract with LogistiCare. The contract provides Missouri Medicaid/MC+ recipients with free transportation to and from scheduled services. The case is pending and it is not possible to estimate the cost at this time.

Note 23 - Joint Ventures

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the Mayor of the City of St. Louis, and three by the County Executive of St. Louis County. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

The Authority is considered a joint venture of the State, County and City because it constitutes a contractual agreement for public benefit in which the State, County and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued $258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of $132,910,000 by the State (Series A), $65,685,000 by the County (Series B) and $60,075,000 by the City (Series C). In December 1993, the Authority issued $181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund $101,410,000 and $50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of $121,705,000 by the State (Series A) and $60,180,000 by the County (Series B). In February 1997, the Authority issued $61,285,000 in Series C Refunding bonds to advance refund $47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued $116,030,000 of Convention and Sports Facility Project and Refunding Bonds, Series A 2003 to refund $2,845,000 and $113,170,000 of Series A 1991 and Series A 1993 Refunding Bonds, respectively, and for additional construction costs.

Pursuant to a financing agreement entered into in August 1991, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County and City under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Notes 12 and 13* for more information on the 1991, 1993, and 2003 Series A Bonds sponsored by the State.

Summary financial information for the Authority as of, and for the fiscal year ended December 31, 2003, is presented below (in thousands of dollars):

Total Assets	$ 323,505
Total Liabilities	$ 226,462
Total Equity	97,043
Total Liabilities and Equity	$ 323,505
Total Revenues	$ 25,707
Total Expenses	24,245
Net Increase in Retained Earnings	$ 1,462

Copies of the Authority's financial statements can be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

Note 24 - Related Organizations

The State is responsible for appointing all or part of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making the appointments.

The following organizations are considered to be related organizations of the State of Missouri:

Missouri Health and Educational Facilities Authority - The Authority was created by state law and is authorized to issue revenue bonds to finance health and educational facilities for institutions within the State. The Authority also assists institutions in borrowing funds at the lowest possible cost in order to provide quality medical and educational services to State residents. These bonds do not constitute a debt or liability of the Authority or the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. The Authority's fiscal year ends December 31. Copies of the Authority's financial statements can be requested from:

Missouri Health and Educational
Facilities Authority
15450 South Outer Forty Road, Suite 230
Chesterfield, Missouri 63017
Web Site: www.mohefa.org

Missouri Higher Education Loan Authority - The Authority was created by state law and is authorized to issue debt to provide a secondary market for loans made under the Federal Family Education Loan Program provided for by the Higher Education Act. Its governing body consists of seven members, five of whom are appointed by the Governor with the advice and consent of the Senate, each of whom shall be a resident of the State; a member of the Coordinating Board of Higher Education; and the Commissioner of Higher Education. Copies of the Authority's financial statements can be requested from:

Missouri Higher Education Loan Authority
633 Spirit Drive
Chesterfield, Missouri 63005
Web Site: www.mohela.com

Missouri Housing Development Commission - The Commission was created by state law and is authorized to make or purchase mortgage loans and to insure mortgage loans, the funds of which are used to develop new or rehabilitate low and moderate income housing. The Commission is also authorized to issue bonds and notes for making or purchasing such loans. Bonds and notes issued by the Commission are not a debt of the State. The Commission has entered into a contract with the Department of Economic Development whereby the Department pays the Commission's staff salaries and related benefits from cash advanced monthly by the Commission. Its governing body is made up of the Governor, the Lieutenant Governor, the State Treasurer, the Attorney General and six members appointed by the Governor with the advice and consent of the Senate. If for any reason the Commission ceases to exist, its rights and properties shall pass to and be vested in the State, subject to the rights of lien holders and other creditors. Copies of the Commission's financial statements can be requested from:

Missouri Housing Development Commission
3435 Broadway
Kansas City, Missouri 64111
Web site: www.mhdc.com

Note 24 - Related Organizations (cont.)

Missouri Technology Corporation - The Corporation was created by state law and contributes to the strengthening of the State's economy through the development of science and technology, promotes the modernization of Missouri businesses by supporting the transfer of science, technology and quality improvement methods to the workplace and enhances the productivity and modernization of Missouri businesses by providing leadership in the establishment of methods of technology application, technology commercialization and technology development. Its governing body consist of the director of the Department of Economic Development, the president of the University of Missouri System, a member of the Senate and a member of the House of Representatives, and eleven members appointed by the Governor. Copies of the Corporation's financial statements can be requested from:

Missouri Technology Corporation
102 East High Street
P.O. Box 2137
Jefferson City, Missouri 65102
Web Site: www.missouritechnology.com

Missouri Public Entity Risk Management Fund - The Fund was created by state law and is authorized to provide liability protection to participating public entities, their officials and employees. The Fund reimburses the State of Missouri for all administrative costs. Its governing body consists of six members; the Attorney General, the Commissioner of Administration and four members appointed by the Governor with the advice and consent of the Senate. Copies of the Fund's financial statements can be requested from:

Missouri Public Entity Risk
Management Fund
P.O. Box 105080
2010 Williams Street
Jefferson City, Missouri 65110-5080
Web Site: www.moperm.com

Public School Retirement System - The System was created by state law and provides retirement benefits to employees of public school districts in the State, with the exception of the St. Louis and Kansas City districts. The State participates in the System as an employer of certified teachers who are members. However, the major financial support is from the public school districts. Its governing body consists of seven members; four elected by the System's members, and three members appointed by the Governor with the advice and consent of the Senate. Copies of the System's financial statements can be requested from:

Public School Retirement System
of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109
Web Site: www.ntrsmo.org

Note 24 - Related Organizations (cont.)

State Environmental Improvement and Energy Resources Authority - The Authority, created by state law, is an independent, self-supporting, quasi-governmental agency, governed by a five member board appointed by the Governor with the advice and consent of the Senate. The Authority is administratively placed in the Department of Natural Resources. The Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State. The usual method of financing is through the issuance of tax-exempt revenue bonds and notes. In March 1992, pursuant to Senate Bill #530, Section 260.335, RSMo, the Authority entered into an interagency agreement with the Department of Natural Resources and the Department of Economic Development to promote markets for recycled materials. As required in that legislation, the program has been provided annual funding of $1,000,000 upon appropriation by the Missouri Legislature, from the Solid Waste Management Fund, through fiscal year 1997. In fiscal year 1998, the funding changed to 10% of the Fund, not to exceed $1,000,000. The Authority, in cooperation with the Missouri Clean Water Commission and other agencies, established and operates the State Revolving Fund, which provides financing to communities and districts for construction of clean water and drinking water projects. The Authority is a provider of technical research for the State. Partnerships have been created with entities, both public and private, to promote and educate Missouri's citizens on a variety of environmental and energy related topics. The Authority's employees are covered under the State's retirement system with all contributions being made by the Authority. Upon termination or dissolution of the Authority, all rights and properties shall pass to and be vested in the State, subject to the rights of note holders, bondholders and other creditors. Copies of the Authority's financial statements can be requested from:

State Environmental Improvement and
Energy Resources Authority
325 Jefferson Street, Suite 200
Jefferson City, Missouri 65101
Web Site: www.dnr.state.mo.us/eiera

Jackson County Sports Complex Authority - The Authority was created by state law and is responsible for the construction, operation and financing of the Jackson County Sports Complex. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for bond transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

Jackson County Sports Complex Authority
8501 Stadium Drive
Kansas City, Missouri 64129-1698

Kansas City Regional Sports Complex Authority - The Authority was created by state law and is responsible for the study and review of all current major sports leagues, clubs, or franchises operating in Kansas City and analyzing the possibilities of future growth. Its governing body consists of the director of the Department of Economic Development, as well as seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

Kansas City Regional Sports Complex Authority
c/o City of Kansas City
City Treasurer
1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106-2793

Note 24 - Related Organizations (cont.)

St. Charles County Convention and Sports Facility Authority - The Authority was created by state law and is responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

St. Charles County Convention and
Sports Facility Authority
P.O. Box 858
St. Charles, Missouri 63302

Missouri Cotton Growers Organization, Inc. - The organization was created by state law and is designated as the official organization for boll weevil eradication in Missouri. The organization operates under the guidance of a ten member board of directors with oversight from the U.S. Department of Agriculture and Missouri Department of Agriculture. Copies of the Organization's financial statements can be requested from:

Missouri Cotton Growers Organization, Inc.
P.O. Box 160
Portageville, Missouri 63873

KCT Intermodal Transportation Corporation (KCT-ITC) - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. KCT-ITC is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing a railroad bridge to effectuate a grade separation of two at-grade rail crossings in the Blue Valley Industrial District in Kansas City, Missouri. The KCT-ITC's obligations are financed by a cost-sharing agreement of the member railroads of Kansas City Terminal. The governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. Copies of the Corporation's financial statements can be requested from:

KCT Intermodal Transportation Corporation
Attention: Executive Director
Kansas City Terminal Railway Corporation
4501 Kansas Avenue
Kansas City, Kansas 66106

Note 24 - Related Organizations (cont.)

Lake of the Ozarks Community Bridge Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for acquisition and construction of a toll bridge over the Lake of the Ozarks in Camden County. Its governing body consists of a seven member board of directors each of whom is appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. The Corporation's fiscal year ends April 30. Copies of the Corporation's financial statements can be requested from:

Lake of the Ozarks Community
Bridge Corporation
P.O. Box 579
Lake Ozark, Missouri 65049

Highway 19 Missouri River Bridge Transportation Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to establish, promote, acquire, develop, construct, own, operate, maintain right-of-ways, and highway projects and facilities. The Highways and Transportation Commission must either own or have a beneficial interest in the project. It must be desirable to the provision of public highways, and be approved by the Commission, the County Commissions of the counties of Gasconade and Montgomery, and the Board of Alderman of the City of Hermann. Its governing body consists of any number of persons, not less than six. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Highway 19 Missouri River Bridge
Transportation Corporation
c/o Jon Held
1110 Stone Hill Highway
Hermann, Missouri 65041

Westside Intermodal Transportation Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing an elevated rail structure to allow for the connecting of the Kansas City Terminal Railway (KTCR) Company's main line to the Union Pacific Railroad Company's yards and main lines and to effectuate a grade separation of certain main line rail tracks near Burlington Northern Santa Fe Argentine Yard and KTCR's main lines. Its governing body consists of any number of persons, not less than six. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Westside Intermodal Transportation Corporation
c/o Kansas City Terminal Railway Company
4501 Kansas Avenue
Kansas City, Kansas 66106

Note 25- Subsequent Events

Agricultural and Small Business Development Authority:

Between July 1 and September 3, 2004, the Authority issued Certificates of Guarantee in the amount of $172,000 guaranteeing 25% of the $690,000 loans issued.

Petroleum Storage Tank Insurance Fund (PSTIF):

On July 28, 2004, the Petroleum Storage Tank Insurance Board released five remedial claims, which increased the claims payable by approximately $240,000. These remedial claims had been filed since May 1, 2004. Remedial claims are those claims filed by tank owners and operators who do not have a contract for insurance with the PSTIF, but for which the PSTIF may extend coverage.

Missouri Housing Development Commission:

On July 14, 2004, the Commission issued $3,785,000 of Multifamily Housing Revenue Bonds (FP-San Remo Apartments Project), Series V 2004.

On August 9, 2004, the Commission issued $6,735,000 of Multifamily Housing Revenue Bonds (Allen Market Lane Apartments Project), Series VI 2004.

On August 26, 2004, the Commission issued $60,000,000 of Single Family Mortgage Revenue Bonds (Homeownership Loan Program), Series C 2004.

Southwest Missouri State University:

On September 7, 2004, the University entered into a capital lease-purchase agreement with Johnson Controls for the installation of energy savings improvements in various locations throughout the Springfield campus. The total amount financed will be $10,902,000 with annual payments of $1,052,000 beginning on August 30, 2006, or the date on which a certificate of substantial completion is executed, whichever is earlier.

Development Finance Board:

On October 13, 2004, the Board acquired title from the U.S. General Services Administration to the "Old Post Office Project," which consists of the acquisition and renovation of the U.S. Custom House and Old Post Office in downtown St. Louis. The Board then executed a 99-year lease of this project with St. Louis U.S. Custom House and Post Office Building Associates, L.P. (lessee). On October 14, 2004, the Board made a subordinated loan to the lessee in the amount of $12,356,800 to assist in the financing of the "Old Post Office Project." The Board has an option to purchase the Old Post Office from the lessee at fair market value beginning in 2014.

On October 14, 2004, the Board issued $16,500,000 of Infrastructure Facilities Revenue Bonds (Ninth Street Garage Project) Series 2004. These are variable rate bonds with a scheduled maturity date of October 1, 2034. Bond proceeds will be used toward the development and construction of a 1,050 space, multi-level parking garage in downtown St. Louis.

Required Supplementary Information (RSI) *includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Fund Categories, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.*

STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 1,061,855	$ 1,061,855	$ 1,061,855	$ ---	$ 156,555	$ 156,555	$ 156,555	$ ---	$ 410,467	$ 410,467	$ 410,467	$ ---	$ 53,300	$ 53,300	$ 53,300	$ ---
Resources (Inflows):																
Taxes:																
Sales and Use	1,855,575	1,857,896	1,902,255	44,359	659,694	659,694	691,711	32,017	139,214	139,214	168,275	29,061	47,712	47,712	48,452	740
Individual Income	4,459,404	4,464,981	4,571,546	106,565	7,667	7,667	7,994	327	---	---	---	---	---	---	---	---
Corporate Income	321,232	321,633	329,596	7,963	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	158,299	158,497	162,130	3,633	---	---	---	---	---	---	---	---	---	---	---	---
Beer	8,494	8,505	8,331	(174)	---	---	---	---	---	---	---	---	---	---	---	---
Liquor	17,761	17,782	18,580	798	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	72,054	72,054	75,565	3,511	---	---	---	---	---	---	---	---
Fuel	---	---	---	---	---	---	---	---	---	---	---	---	725,417	725,417	736,225	10,808
Corporation Franchise	88,802	88,913	91,388	2,475	---	---	---	---	---	---	---	---	---	---	---	---
Inheritance	73,358	73,450	75,115	1,665	---	---	---	---	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	738,987	739,911	757,119	17,208	243,588	243,588	255,467	11,879	279	279	332	53	155	155	174	19
Total Taxes	7,721,912	7,731,568	7,916,060	184,492	983,003	983,003	1,030,737	47,734	139,493	139,493	168,607	29,114	773,284	773,284	784,851	11,567
Licenses, Fees and Permits	71,921	72,011	73,375	1,364	634	634	704	70	61,244	61,244	74,002	12,758	166,565	166,565	169,038	2,473
Sales	2,711	2,714	2,781	67	---	---	---	---	6,362	6,362	7,705	1,343	5,033	5,033	5,060	27
Leases and Rentals	---	---	285	285	---	---	---	---	112	112	115	3	95	95	79	(16)
Services	161,799	161,925	163,599	1,674	---	---	1	1	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	5,981,542	5,982,817	5,942,039	(40,778)	33,267	33,267	34,946	1,679	70,211	70,211	84,880	14,669	1,709	1,709	1,762	53
Interest	24,032	24,061	24,036	(25)	2,534	2,534	2,632	98	6,176	6,176	7,466	1,290	1,519	1,519	1,558	39
Penalties and Unclaimed Property	904	905	582	(323)	739	739	753	14	1,042	1,042	1,258	216	475	475	441	(34)
Cost Reimbursement/ Miscellaneous	465,875	465,995	463,158	(2,837)	35,907	35,907	37,596	1,689	87,439	87,439	105,692	18,253	950	950	1,003	53
Bond Sales Proceeds	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Transfers In	302,776	368,582	256,967	(111,615)	2,501,756	2,539,647	2,536,549	(3,098)	21,769	21,787	11,187	(10,600)	5,220	5,162	4,672	(490)
Total Resources (Inflows)	14,733,472	14,810,578	14,842,882	32,304	3,557,840	3,595,731	3,643,918	48,187	393,848	393,866	460,912	67,046	954,850	954,792	968,464	13,672
Amount Available for Appropriation	15,795,327	15,872,433	15,904,737	32,304	3,714,395	3,752,286	3,800,473	48,187	804,315	804,333	871,379	67,046	1,008,150	1,008,092	1,021,764	13,672
Charges to Appropriations (Outflows):																
Current:																
General Government	1,560,367	1,502,508	1,419,406	83,102	633	806	233	573	2,165	2,357	2,003	354	58,590	58,292	55,655	2,637
Education	1,976,437	1,951,334	1,792,004	159,330	3,607,111	3,619,001	3,567,898	51,103	---	---	---	---	---	---	---	---
Natural and Economic Resources	271,880	280,254	205,995	74,259	26,775	26,775	15,160	11,615	219,157	227,601	188,104	39,497	81	79	24	55
Transportation and Law Enforcement	128,603	179,054	131,056	47,998	5	5	---	5	336	336	216	120	524,829	532,823	499,067	33,756
Human Services	7,924,809	8,197,686	7,877,891	319,795	23,524	21,071	20,627	444	492	492	208	284	---	---	---	---
Capital Outlay	105,267	116,027	100,009	16,018	7,337	7,358	7,290	68	32,543	33,796	27,929	5,867	11,455	11,613	10,864	749
Debt Service	52,656	50,258	48,680	1,578	---	---	---	---	---	---	---	---	24	24	23	1
Intergovernmental	233,120	261,885	203,855	58,030	13	17	5	12	237,986	247,129	204,131	42,998	206,643	205,757	196,207	9,550
Transfers Out	2,962,677	2,943,942	2,913,748	30,194	5,266	6,122	5,265	857	38,126	41,299	36,598	4,701	238,858	236,992	206,423	30,569
Total Charges to Appropriations	15,215,816	15,482,948	14,692,644	790,304	3,670,664	3,681,155	3,616,478	64,677	530,805	553,010	459,189	93,821	1,040,480	1,045,580	968,263	77,317
Ending Budgetary Fund Balance	$ 579,511	$ 389,485	$ 1,212,093	$ 822,608	$ 43,731	$ 71,131	$ 183,995	$ 112,864	$ 273,510	$ 251,323	$ 412,190	$ 160,867	$ (32,330)	$ (37,488)	$ 53,501	$ 90,989
Reconciling Items:																
Reclassifying Cash Equivalents as Investments			(847,409)				(127,801)				(302,226)				(36,337)	
Investments at Fair Value			857,262				128,141				300,722				36,491	
Receivables			1,278,662				53,922				541,961				119,422	
Due from Other Funds			82				18,218				505				12	
Due from Component Units			---				---				621				---	
Inventory			20,790				49				808				6,585	
Advance to Component Units			---				---				3,590				---	
Accounts Payable			(736,711)				(41,358)				(3,669)				(24,883)	
Accrued Payroll			(53,886)				(428)				(4,654)				(19,787)	
Due to Other Funds			(25,147)				(232)				(1,785)				(2,038)	
Deferred Revenue			(468,776)				(16,825)				(8,860)				(584)	
Advance from Other Funds			(61,607)				---				---				---	
Fund Balance - GAAP Basis			$ 1,175,353				$ 197,681				$ 939,203				$ 132,382	

The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the General Fund, and the major special revenue funds. The major special revenue fund categories presented for the State of Missouri are: public education, conservation and environmental protection, and transportation and law enforcement. The General Fund is composed of two fund categories, general and federal. The State Road Fund is a major capital projects fund, but must be presented on a separate schedule in Supplementary Information.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis. Under this basis, "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2004, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI. The Budgetary Comparison Schedule includes data presented on this basis for the fiscal year, and for adjustments made in the one-month lapse period, July 1 through July 31.

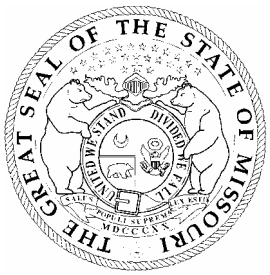
The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at http://www.oa.mo.gov/acct/AAR. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less what was re-appropriated to the next fiscal year less the Governor's amounts reverted (withheld) for each fund.

On the Budgetary Comparison Schedule in RSI, "original budget" revenues are equal to "revised budget" revenues for all funds except for the State's General Revenue Fund. State agencies budget revenues for each of their funds once during the year and send the revenue estimates to the Office of Administration-Division of Budget & Planning for their use in budgetary reporting, and for the CAFR budgetary comparison schedules presentation. The State's General Revenue Fund has a revised revenue estimate amount available each spring from the Office of Administration-Division of Budget and Planning for use in the "final budget" revenue column on the Budgetary Comparison Schedule. The "final budget" revenue estimates for the General Fund are very comparable to actual revenue, and result in a small positive variance on the Budgetary Comparison Schedule.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund. Therefore, the variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive. The variance amounts in RSI this year are large for the General Fund. This is due to agency-imposed withholding amounts not being taken into account on this schedule. This schedule does include any "reverted" amounts or Governor withholdings of funds to agencies. If an amount is reverted, an agency does not have authority to spend that money.

Budgetary comparisons are also required for any other individual governmental funds for which annual appropriated budgets have been adopted. Therefore, budget to actual statements have been provided in the Supplementary Information section of CAFR for the following non-major governmental fund categories: special revenue, debt service, and permanent funds. These schedules provide similar information to the schedule in RSI with the exception of the original budget data, which is not required for non-major governmental funds under GASB Statement 34.

Budgetary comparisons are not included for non-major capital projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparable to the actual data for the fiscal year.



Supplementary Information *includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (State Road), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.*

STATE OF MISSOURI
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECT FUND
STATE ROAD FUND
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	State Road			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 362,604	$ 362,604	$ 362,604	$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	151,083	132,358	134,160	1,802
Fuel	87	84	93	9
Total Taxes	151,170	132,442	134,253	1,811
Licenses, Fees and Permits	90,412	88,697	98,971	10,274
Contributions and Intergovernmental	554,828	715,904	679,653	(36,251)
Interest	8,708	8,090	5,544	(2,546)
Cost Reimbursment/Miscellaneous	80,263	95,033	86,795	(8,238)
Bond Sales Proceeds	254,000	262,722	262,739	17
Transfers In	121,887	112,364	169,023	56,659
Total Resources (Inflows)	1,261,268	1,415,252	1,436,978	21,726
Amount Available for Appropriation	1,623,872	1,777,856	1,799,582	21,726
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	229,202	260,038	248,590	11,448
Capital Outlay	943,714	1,070,681	1,023,543	47,138
Debt Service	58,538	54,541	54,541	---
Intergovernmental	76,558	86,858	83,034	3,824
Total Charges to Appropriations	1,308,012	1,472,118	1,409,708	62,410
Ending Budgetary Fund Balance	$ 315,860	$ 305,738	$ 389,874	$ 84,136
Reconciling Items:				
Investment Fair Value Adjustment			5,393	
Receivables			79,320	
Due from Other Funds			359	
Due from Component Units			1,157	
Inventories			30,451	
Advance to Component Units			3,646	
Accounts Payable			(78,894)	
Due to Other Funds			(356)	
Due to Component Units			(17,454)	
Deferred Revenue			(39,476)	
Advance from Component Units			(44,145)	
Fund Balance - GAAP Basis			$ 329,875	

*The **Combining and Individual** Fund Statements and Schedules*

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Non-Major Funds

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the "major fund" classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital project funds.

General Fund:

General:

General Revenue – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

Budget Reserve – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

Uncompensated Care – Accounts for moneys used for the non-federal share of uncompensated care and other services under the Title XIX Medicaid Program.

Department of Health Interagency Payments – Accounts for reimbursed moneys to be used for program disbursements.

Facilities Maintenance Reserve – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

Intergovernmental Transfers – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

Federal Reimbursement Allowance – Moneys received for payment of Title XIX services.

Pharmacy Reimbursement Allowance – Tax moneys received from retail pharmacies to be used for funding payments under the Medicaid fee-for-service and managed care programs.

Title XIX–Patient Placement – General Revenue – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

Child Support Enforcement Collections – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

Missouri Technology Investment – Moneys received from various sources to be used for technology development programs.

Missouri Water Development – General Revenue moneys to be used to purchase water supply storage.

General Revenue Reimbursements – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

Missouri Humanities Council Trust – Moneys from various sources to be used for promotion of the humanities.

Nursing Facility Federal Reimbursement Allowance – Tax moneys used for expenditures of nursing facilities.

Post Closure – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

Attorney General's Court Cost – General Revenue moneys to be used for the payment of court costs.

Attorney General's Anti-Trust – General Revenue moneys to be used for expenses related to anti-trust activities.

State Elections Subsidy – Appropriated moneys to be used for payment of advance election costs.

State Legal Expense – General Revenue, Transportation and Conservation moneys to be used for claims against state departments or employees.

General Fund – Federal: Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

Vocational Rehabilitation – Federal
Elementary and Secondary Education – Federal and Other
General Assembly – Federal
Division of Youth Services – Federal and Other
Office of the State Public Defender – Federal and Other
Pharmacy Rebates
State Auditor – Federal
Department of Higher Education – Federal
Department of Labor and Industrial Relations – Commission on Human Rights – Federal
Department of Economic Development – Community Development Block Grant (Passthrough)
Department of Economic Development – Women's Council – Federal
Third Party Liability Collections
Department of Public Safety – Juvenile Accountability Incentive Block Grant
Department of Labor and Industrial Relations Administrative
Department of Economic Development – Community Development Block Grant (Administration)
Multimodal Operations – Federal
Department of Economic Development – Federal and Other
Department of Corrections – Federal
Department of Revenue – Federal
Department of Agriculture – Federal and Other
Office of Administration – Federal and Other
Attorney General – Federal and Other
Supreme Court – Federal and Other
Department of Economic Development – Missouri Council of the Arts – Federal and Other
Department of Natural Resources – Federal and Other
Department of Economic Development – Management Information Systems – Federal and Other
Department of Health – Federal
State Emergency Management – Federal and Other
Mental Health Intergovernmental Transfer
Department of Mental Health – Federal
Department of Transportation – Highway Safety
Secretary of State Records – Federal
Department of Public Safety – Federal
Division of Aging – Federal and Other
Homeland Security
Job Development and Training
Department of Social Services – Federal and Other
Election Administration Improvement
Title XIX – Federal
Division of Family Services Donations
Division of Aging Donations
Medicaid Fraud Reimbursements
Revenue Sharing Trust
Missouri Veterans Commission – Federal
MCSAP/Division of Transportation – Federal
Division of Labor Standards – Federal
Governor's Committee on Employment of the Handicapped – Federal
Federal and Other
Adjutant General – Federal
Department of Labor and Industrial Relations – Crime Victims – Federal
Federal – MDI
Federal Drug Seizure
Secretary of State – Federal
Community Service Commission – Federal and Other
Temporary Assistance for Needy Families – Federal
Division of Family Services – Administrative
Missouri Disaster
Abandoned Mined Reclamation
Unemployment Compensation Administration

STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2004
(In Thousands of Dollars)

	General Fund		Totals
	General	Federal	June 30, 2004
ASSETS			
Cash and Cash Equivalents	$ 311,474	$ 53,210	$ 364,684
Investments	731,993	125,269	857,262
Accounts Receivable, Net	789,529	484,848	1,274,377
Interest Receivable	4,194	91	4,285
Due from other funds	1	81	82
Inventories	19,566	1,224	20,790
Total Assets	$ 1,856,757	$ 664,723	$ 2,521,480
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 332,165	$ 404,546	$ 736,711
Accrued Payroll	41,367	12,519	53,886
Due to Other Funds	19,444	5,703	25,147
Deferred Revenue	403,584	65,192	468,776
Advance from Other Funds	61,607	---	61,607
Total Liabilities	858,167	487,960	1,346,127
Fund Balances:			
Reserved for:			
Budget Reserve	444,926	---	444,926
Inventories	19,566	1,224	20,790
Future Distribution	77,092	---	77,092
Landfill Postclosure	501	401	902
Taxes	4,759	---	4,759
Unreserved	451,746	175,138	626,884
Total Fund Balances	998,590	176,763	1,175,353
Total Liabilities and Fund Balances	$ 1,856,757	$ 664,723	$ 2,521,480

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

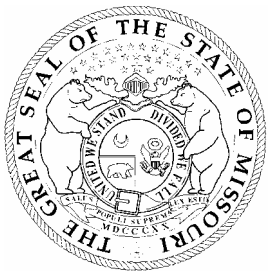
	General Fund			Totals
	General	Federal	Eliminations	June 30, 2004
Revenues:				
Taxes	$ 6,863,914	$ ---	$ ---	$ 6,863,914
Licenses, Fees and Permits	70,424	673	---	71,097
Sales	2,792	6	---	2,798
Leases and Rentals	3,939	6	---	3,945
Services	101,764	58,503	---	160,267
Contributions and Intergovernmental	1,049,146	5,563,314	---	6,612,460
Investment Earnings:				
Net Decrease in the Fair Value of Investments	(6,533)	(1,225)	---	(7,758)
Interest	24,300	440	---	24,740
Penalties and Unclaimed Properties	513	190	---	703
Cost Reimbursement/Miscellaneous	87,604	113,978	---	201,582
Total Revenues	8,197,863	5,735,885	---	13,933,748
Expenditures:				
Current:				
General Government	338,676	11,154	---	349,830
Education	1,018,257	784,223	---	1,802,480
Natural and Economic Resources	45,474	186,137	---	231,611
Transportation and Law Enforcement	52,170	88,836	---	141,006
Human Services	4,363,331	4,247,293	---	8,610,624
Capital Outlay:				
Current Expenditures	61,903	38,782	---	100,685
Capital Lease Purchases	535	242	---	777
Debt Service:				
Principal	21,276	721	---	21,997
Interest	37,224	746	---	37,970
Bond Issuance Costs	555	---	---	555
Underwriter's Discount	428	---	---	428
Intergovernmental	87,544	118,707	---	206,251
Total Expenditures	6,027,373	5,476,841	---	11,504,214
Excess Revenues	2,170,490	259,044	---	2,429,534
Other Financing Sources (Uses):				
Proceeds from Capital Leases	535	242	---	777
Proceeds from General Obligation/Other Bonds	116,030	---	---	116,030
Payments to Escrow Agent	(122,969)	---	---	(122,969)
Bond Premium	7,366	---	---	7,366
Proceeds from Fixed Asset Sale	278	27	---	305
Transfers In	364,607	9,648	(232,729)	141,526
Transfers Out	(2,385,357)	(223,715)	232,729	(2,376,343)
Total Other Financing Sources (Uses)	(2,019,510)	(213,798)	---	(2,233,308)
Net Change in Fund Balances	150,980	45,246	---	196,226
Fund Balances - Beginning	850,783	130,947	---	981,730
Increase (Decrease) in Reserve for Inventory	(3,173)	570	---	(2,603)
Fund Balances - Ending	$ 998,590	$ 176,763	$ ---	$ 1,175,353

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2004
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2004
ASSETS					
Cash and Cash Equivalents	$ 71,272	$ 24,499	$ 50,367	$ 173	$ 146,311
Investments	175,663	72,921	146,113	44,669	439,366
Accounts Receivable, Net	12,544	---	---	---	12,544
Interest Receivable	359	297	688	1	1,345
Due from Other Funds	171	---	---	---	171
Inventories	655	---	---	---	655
Loans Receivable	707	---	---	---	707
Total Assets	$ 261,371	$ 97,717	$ 197,168	$ 44,843	$ 601,099
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 4,627	$ ---	$ 21	$ ---	$ 4,648
Accrued Payroll	2,759	---	36	---	2,795
Due to Other Funds	1,275	---	628	---	1,903
Deferred Revenue	6,178	116	267	---	6,561
Total Liabilities	14,839	116	952	---	15,907
Fund Balances:					
Reserved for Inventories	655	---	---	---	655
Reserved for Debt Service	---	97,601	---	---	97,601
Reserved for Loans Receivable	707	---	---	---	707
Reserved for Trust Principal	---	---	---	44,762	44,762
Unreserved	245,170	---	196,216	81	441,467
Total Fund Balances	246,532	97,601	196,216	44,843	585,192
Total Liabilities and Fund Balances	$ 261,371	$ 97,717	$ 197,168	$ 44,843	$ 601,099

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2004
Revenues:					
Taxes	$ 175,973	$ ---	$ ---	$ ---	$ 175,973
Licenses, Fees and Permits	154,376	---	---	---	154,376
Sales	1,135	---	---	---	1,135
Services	260	---	---	---	260
Contributions and Intergovernmental	12,412	---	157	---	12,569
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	(1,427)	(772)	(1,892)	3,989	(102)
Interest	2,609	1,671	4,661	10	8,951
Penalties and Unclaimed Properties	17,921	---	---	273	18,194
Cost Reimbursement/Miscellaneous	176,111	---	28	---	176,139
Total Revenues	539,370	899	2,954	4,272	547,495
Expenditures:					
Current:					
General Government	23,721	---	84,798	---	108,519
Education	2,340	---	---	---	2,340
Natural and Economic Resources	174,661	---	3	---	174,664
Transportation and Law Enforcement	26,542	---	2,662	---	29,204
Human Services	158,342	---	188	14	158,544
Capital Outlay:					
Current Expenditures	5,879	---	10,730	---	16,609
Debt Service:					
Principal	526	40,015	---	---	40,541
Interest	250	40,611	---	---	40,861
Underwriter's Discount	---	307	---	---	307
Intergovernmental	753	---	21,048	---	21,801
Total Expenditures	393,014	80,933	119,429	14	593,390
Excess Revenues (Expenditures)	146,356	(80,034)	(116,475)	4,258	(45,895)
Other Financing Sources (Uses):					
Proceeds from General Obligation Bonds	---	150,305	---	---	150,305
Payments to Escrow Agent	---	(161,236)	---	---	(161,236)
Bond Premium	---	11,301	---	---	11,301
Proceeds from Fixed Asset Sale	10	---	---	---	10
Transfers In	51,163	69,221	3,000	2,550	125,934
Transfers Out	(146,253)	---	(23,967)	---	(170,220)
Total Other Financing Sources (Uses)	(95,080)	69,591	(20,967)	2,550	(43,906)
Net Change in Fund Balances	51,276	(10,443)	(137,442)	6,808	(89,801)
Fund Balances - Beginning	194,725	108,044	333,658	38,035	674,462
Increase in Reserve for Inventory	531	---	---	---	531
Fund Balances - Ending	$ 246,532	$ 97,601	$ 196,216	$ 44,843	$ 585,192



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

Non-Major Special Revenue Funds:

Professional Registration: Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

Hearing Instrument Specialist
State Committee of Interpreters
Board of Geologist Registration
Missouri Commission for the Deaf
Board of Certification of Interpreters
Real Estate Appraisers
Clinical Social Workers
State Committee of Psychologists
Board of Accountancy
Board of Barber Examiners
State Board of Podiatric Medicine
Board of Chiropractic Examiners
Board of Cosmetology
Board of Embalmers and Funeral Directors
Board of Registration for Healing Arts
Board of Nursing
Board of Optometry
Board of Pharmacy
Missouri Real Estate Commission
Veterinary Medical Board
Committee of Professional Counselors
Dental Board
State Board of Architects, Engineers and Land Surveyors
Athletic
Marital and Family Therapists'
Respiratory Care Practitioners
Board of Occupational Therapy
Dietitian
Interior Designer Council
Acupuncturist
Tattoo
Massage Therapy

Judicial Protection and Assistance: Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

Missouri Crime Prevention Information and Programming – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

Statewide Court Automation – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

Missouri CASA – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

State Forensic Laboratory – Accounts for moneys used to defray costs of registered laboratories.

Services to Victims – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

Tort Victims' Compensation – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

Merchandising Practices Revolving – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

Legal Defense and Defender – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

Criminal Record System – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

Missouri Office of Prosecution Services – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

Crime Victims' Compensation – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

Drug Court Resources – Accounts for moneys available for distribution by the Drug Courts Coordinating Commission to the various drug courts operating within the State.

Legal Services for Low Income People – Accounts for moneys to be used to provide legal services for individuals with low income.

Investors Restitution – Accounts for fines collected relating to securities fraud to be used to reimburse the victims of the fraudulent acts.

Basic Civic Legal Services – Accounts for filing fees received on civil and criminal court cases to be disbursed to State legal services organizations that provide legal representation to low-income individuals.

Child Labor Enforcement – Accounts for moneys to be used for investigations and enforcement of child labor laws.

Inmate Incarceration Reimbursement Act Revolving – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

State Courts Administration Revolving – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

Criminal Justice Network and Technology Revolving – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

Missouri Office of Prosecution Services Revolving – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

Judiciary Education and Training – Accounts for fees collected to be used for training and education of judicial personnel.

Fine Collections Center Interest Revolving – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

Agriculture and State Fair: Provides for inspections of products, market development and awards for competition at the State fair.

Animal Health Laboratory Fee – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

Animal Care Reserve – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

Livestock Brands – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands. The fees are used by the Division of Animal Health for program administration.

Commodity Council Merchandising – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

Missouri Qualified Fuel Ethanol Producer Incentive – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

Aquaculture Marketing Development – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

Livestock Sales and Markets Fees – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

Missouri Breeders – Accounts for moneys received for horse racing application and handling fees.

Apple Merchandising – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

Livestock Dealer Law Enforcement and Administration – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

Milk Inspection Fees – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

Grain Inspection Fees – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

Marketing Development – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

Organic Production and Certification Fee – Accounts for fees collected for certification or participation in organic farming to be used by the Department of Agriculture to develop standards and labeling for organic farming purposes.

Boll Weevil Suppression and Eradication – Accounts for moneys for a sound program of eradication and suppression of the boll weevil.

Missouri Wine Marketing and Research Development – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

Agriculture Development – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

State Fair Trust – Accounts for moneys received as gifts, grants, legacies or devises to be used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

Social Assistance: Provides financial, health and other services to qualifying individuals.

Utilicare Stabilization – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

Motorcycle Safety Trust – Accounts for fees collected from persons who violate laws relating to motorcycles or cause accidents involving motorcycles.

Compulsive Gamblers – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

Missouri Housing Trust – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

Health Initiatives – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

Health Access Incentive – Accounts for moneys appropriated and received by law to be used to implement a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

Mental Health Housing Trust – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

Family Support Loan Program – Accounts for moneys appropriated to be used for low interest, short-term loans to families having a member with a developmental disability.

Independent Living Center – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

Mental Health Earnings – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

Division of Aging Elderly Home Delivered Meals Trust – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

Missouri Public Health Services – Accounts for fees collected for health purposes.

Deaf Relay Service and Equipment Distribution Program – Accounts for fees collected to fund a program that provides a telecommunications device for the deaf to transmit messages over basic telephone lines.

Veterans' Trust – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

Medical School Loan and Loan Repayment Program – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

Children's Service Commission – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

Handicapped Children's Trust – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

Blind Pension – Accounts for State property tax moneys used to provide a pension to certain blind people.

Healthy Families Trust Funds – To account for moneys received from the Tobacco Settlement.

Department of Health – Donated – Accounts for moneys received from donations and spent for various health programs.

Children's Trust – Accounts for grants or gifts from any source used to establish programs to prevent or alleviate child abuse or neglect.

ADA Compliance – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

Head Injury – Accounts for fees, grants, donations, and other moneys designated for the Head Injury Fund. Moneys are spent by the Head Advisory Council to help support individuals with traumatic head injury and their families by providing a wide range of services.

Missouri Commission for the Deaf and Hard of Hearing – Accounts for fees and contributions received by the Commission to provide goods and services to government entities or the public.

Organ Donor Program – Accounts for moneys used to implement organ donor awareness programs.

Property Reuse – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

Domestic Relations Resolution – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

Correctional Substance Abuse Earnings – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

Assistive Technology Loan Revolving – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

Blindness Education, Screening and Treatment Program – Accounts for donated moneys used to provide blindness prevention education, screenings, and treatments for persons not covered under a healthcare benefit plan.

Childhood Lead Testing – Accounts for federal or other contributions received to fund childhood lead programs, blood tests to uninsured children, educational materials, and case management.

Missouri National Guard Trust – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

School for the Blind – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

School for the Deaf – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

Governor's Council on Physical Fitness – Institution Gift Trust – Accounts for gifts, bequests, or donations to the Governor's Council on Physical Fitness to be spent as requested by the donor.

Institution Gift Trust – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

Mental Health Trust – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

Crippled Children's Services – Accounts for moneys from various sources to be used for costs of crippled children's services.

Unemployment and Workers' Compensation: Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

Workers' Compensation – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

Workers' Compensation – Second Injury – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

Special Employment Security – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

Reimbursements and Other: Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

Treasurer's Information – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

Elevator Safety Board – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

Residential Mortgage Licensing – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

Missouri Arts Council Trust – Accounts for moneys to be used for the administration of the Missouri Arts Council.

Gaming Commission Bingo – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

Secretary of State's Technology Trust – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

Missouri National Guard Training Site – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

Nursing Facility Quality of Care – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

Division of Tourism Supplemental Revenue – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

Business Extension Service Team – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

Gaming Commission – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

Mammography – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

Statutory Revision – Accounts for moneys received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

Division of Credit Unions – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

Division of Savings and Loan Supervision – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

Division of Finance – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

Insurance Examiners – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

Design and Construction – Donated – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

Endowed Care Cemetery Audit – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

Department of Insurance Dedicated – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

International Promotions Revolving – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

Local Records Preservation – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

Spinal Cord Injury – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

Manufactured Housing – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

Motor Vehicle Commission – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

Health Spa Regulatory – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

Missouri Main Street Program – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

Public Service Commission – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

Department of Health Document Services – Accounts for fees collected for publications and used to pay the costs of providing this information.

Petition Audit Revolving Trust – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percentage of the qualified voters of a subdivision.

Tourism Marketing – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

Petroleum Inspection – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

Missouri Senior Rx – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

Boiler and Pressure Vessels Safety – Accounts for licenses, permits, and fees established by the Boiler and Pressure Vessels Safety Board for the purpose of regulating boiler and pressure vessels.

Secretary of State's Investor Education – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

State Document Preservation – Accounts for moneys to be used to preserve State documents and making them available to the public.

Missouri Supplemental Tax Increment Financing – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

Premium – Accounts for moneys received from parents or guardians of uninsured children.

World War II Memorial Trust – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

Workers Memorial – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

Secretary of State Institution Gift Trust – Accounts for moneys derived from gifts, bequests, or donations to the Secretary of State to carry out the objectives of the gift, bequest, or donation.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2004
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2004
ASSETS							
Cash and Cash Equivalents	$ 11,291	$ 9,668	$ 863	$ 15,365	$ 18,710	$ 15,375	$ 71,272
Investments	26,345	22,546	5,319	41,938	43,662	35,853	175,663
Accounts Receivable, Net	---	1,196	53	4,013	5,603	1,679	12,544
Interest Receivable	---	26	9	108	113	103	359
Due from Other Funds	---	129	40	---	---	2	171
Inventories	27	3	---	7	---	618	655
Loans Receivable	---	---	707	---	---	---	707
Total Assets	$ 37,663	$ 33,568	$ 6,991	$ 61,431	$ 68,088	$ 53,630	$ 261,371
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 154	$ 522	$ 39	$ 1,660	$ 228	$ 2,024	$ 4,627
Accrued Payroll	176	224	65	211	430	1,653	2,759
Due to Other Funds	127	177	29	96	248	598	1,275
Deferred Revenue	---	14	1	927	5,195	41	6,178
Total Liabilities	457	937	134	2,894	6,101	4,316	14,839
Fund Balances:							
Reserved for:							
Inventories	27	3	---	7	---	618	655
Loans Receivable	---	---	707	---	---	---	707
Unreserved	37,179	32,628	6,150	58,530	61,987	48,696	245,170
Total Fund Balances	37,206	32,631	6,857	58,537	61,987	49,314	246,532
Total Liabilities and Fund Balances	$ 37,663	$ 33,568	$ 6,991	$ 61,431	$ 68,088	$ 53,630	$ 261,371

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

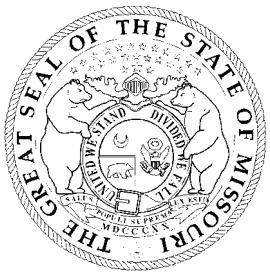
	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2004
Revenues:							
Taxes	$ 96	$ 7	$ 1,114	$ 56,826	$ 117,913	$ 17	$ 175,973
Licenses, Fees and Permits	21,862	12,389	3,852	17,485	---	98,788	154,376
Sales	---	---	---	600	---	535	1,135
Services	81	169	---	3	---	7	260
Contributions and Intergovernmental	---	55	3	11,593	---	761	12,412
Investment Earnings:							
Net Decrease in the Fair Value of Investments	(232)	(210)	(18)	(376)	(245)	(346)	(1,427)
Interest	---	150	256	1,159	406	638	2,609
Penalties and Unclaimed Properties	220	12,395	---	1,372	3,011	923	17,921
Cost Reimbursement/Miscellaneous	3	8,562	81	144,308	211	22,946	176,111
Total Revenues	22,030	33,517	5,288	232,970	121,296	124,269	539,370
Expenditures:							
Current:							
General Government	247	10,596	102	3,500	2,876	6,400	23,721
Education	85	1	3	2,099	19	133	2,340
Natural and Economic Resources	13,743	11,564	8,070	11,449	72,351	57,484	174,661
Transportation and Law Enforcement	1	7,768	2	3,704	20	15,047	26,542
Human Services	19	2,211	29	129,619	426	26,038	158,342
Capital Outlay:							
Current Expenditures	133	2,005	158	563	801	2,219	5,879
Debt Service:							
Principal	---	---	---	10	1	515	526
Interest	---	---	---	---	3	247	250
Intergovernmental	---	---	---	68	---	685	753
Total Expenditures	14,228	34,145	8,364	151,012	76,497	108,768	393,014
Excess Revenues (Expenditures)	7,802	(628)	(3,076)	81,958	44,799	15,501	146,356
Other Financing Sources (Uses):							
Proceeds from Fixed Asset Sale	---	---	1	---	3	6	10
Transfers In	---	3,652	3,620	3,911	31	39,949	51,163
Transfers Out	(1,048)	(187)	(58)	(90,781)	(388)	(53,791)	(146,253)
Total Other Financing Sources (Uses)	(1,048)	3,465	3,563	(86,870)	(354)	(13,836)	(95,080)
Net Change in Fund Balances	6,754	2,837	487	(4,912)	44,445	1,665	51,276
Fund Balances - Beginning	30,452	29,794	6,370	63,450	17,542	47,117	194,725
Increase (Decrease) in Reserve for Inventory	---	---	---	(1)	---	532	531
Fund Balances - Ending	$ 37,206	$ 32,631	$ 6,857	$ 58,537	$ 61,987	$ 49,314	$ 246,532

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Taxes:												
Cigarette	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 33,564	$ 34,088	$ 524
Liquor	---	---	---	---	---	---	1,551	1,114	(437)	---	---	---
Reimbursement/Miscellaneous	88	96	8	3	2	(1)	---	---	---	22,414	22,763	349
Total Taxes	88	96	8	3	2	(1)	1,551	1,114	(437)	55,978	56,851	873
Licenses, Fees and Permits	20,034	21,748	1,714	9,812	12,409	2,597	5,736	4,121	(1,615)	17,297	17,570	273
Sales	---	---	---	---	---	---	---	---	---	597	600	3
Services	75	81	6	133	169	36	---	---	---	---	3	3
Contributions and Intergovernmental	---	---	---	1,563	1,976	413	6	4	(2)	11,462	11,641	179
Interest	---	---	---	119	150	31	55	40	(15)	919	944	25
Penalties and Unclaimed Property	204	220	16	9,929	12,554	2,625	---	---	---	1,355	1,363	8
Cost Reimbursement/ Miscellaneous	2	3	1	6,760	8,548	1,788	407	292	(115)	142,094	144,277	2,183
Total Revenues	20,403	22,148	1,745	28,319	35,808	7,489	7,755	5,571	(2,184)	229,702	233,249	3,547
Expenditures:												
Current:												
General Government	6	5	1	12,769	9,422	3,347	40	16	24	5,308	3,500	1,808
Education	125	83	42	---	---	---	---	---	---	2,821	1,831	990
Natural and Economic Resources	9,135	6,705	2,430	12,135	11,461	674	11,887	7,793	4,094	16,435	11,460	4,975
Transportation and Law Enforcement	---	---	---	14,349	9,356	4,993	5	---	5	5,644	3,521	2,123
Human Services	---	---	---	2,244	2,201	43	---	---	---	134,944	125,560	9,384
Capital Outlay	175	128	47	2,750	1,993	757	243	159	84	650	561	89
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	---	---	---	---	---	---	---	---	---	68	68	---
Total Expenditures	9,441	6,921	2,520	44,247	34,433	9,814	12,175	7,968	4,207	165,870	146,501	19,369
Excess Revenues (Expenditures)	10,962	15,227	4,265	(15,928)	1,375	17,303	(4,420)	(2,397)	2,023	63,832	86,748	22,916
Other Financing Sources (Uses):												
Transfers In	160	160	---	3,652	3,652	---	3,620	3,620	---	3,920	3,911	(9)
Transfers Out	(9,958)	(8,380)	1,578	(2,168)	(1,614)	554	(1,110)	(700)	410	(100,912)	(95,248)	5,664
Total Other Financing Sources (Uses)	(9,798)	(8,220)	1,578	1,484	2,038	554	2,510	2,920	410	(96,992)	(91,337)	5,655
Net Change in Fund Balances	1,164	7,007	5,843	(14,444)	3,413	17,857	(1,910)	523	2,433	(33,160)	(4,589)	28,571
Fund Balances - Beginning	30,730	30,730	---	28,888	28,888	---	2,361	2,361	---	55,943	55,943	---
Fund Balances - Ending	$ 31,894	$ 37,737	$ 5,843	$ 14,444	$ 32,301	$ 17,857	$ 451	$ 2,884	$ 2,433	$ 22,783	$ 51,354	$ 28,571
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(26,446)			(22,633)			(2,021)			(35,989)	
Investments at Fair Value		26,345			22,546			5,319			41,938	
Receivables		---			1,222			769			4,121	
Due from Other Funds		---			129			40			---	
Inventories		27			3			---			7	
Accounts Payable		(154)			(522)			(39)			(1,660)	
Accrued Payroll		(176)			(224)			(65)			(211)	
Due to Other Funds		(127)			(177)			(29)			(96)	
Deferred Revenue		---			(14)			(1)			(927)	
Fund Balance per GAAP		$ 37,206			$ 32,631			$ 6,857			$ 58,537	

This schedule is continued on pages 105-106.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes:									
Cigarette	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 33,564	$ 34,088	$ 524
Liquor	---	---	---	---	---	---	1,551	1,114	(437)
Reimbursement/Miscellaneous	98,781	119,418	20,637	12	9	(3)	121,298	142,288	20,990
Total Taxes	98,781	119,418	20,637	12	9	(3)	156,413	177,490	21,077
Licenses, Fees and Permits	---	---	---	97,172	98,715	1,543	150,051	154,563	4,512
Sales	---	---	---	528	537	9	1,125	1,137	12
Services	---	---	---	12	7	(5)	220	260	40
Contributions and Intergovernmental	1,889	2,283	394	725	738	13	15,645	16,642	997
Interest	301	360	59	639	661	22	2,033	2,155	122
Penalties and Unclaimed Property	2,490	3,011	521	959	978	19	14,937	18,126	3,189
Cost Reimbursement/ Miscellaneous	311	381	70	22,816	23,174	358	172,390	176,675	4,285
Total Revenues	103,772	125,453	21,681	122,863	124,819	1,956	512,814	547,048	34,234
Expenditures:									
Current:									
General Government	4,431	3,100	1,331	6,148	4,183	1,965	28,702	20,226	8,476
Education	---	---	---	375	116	259	3,321	2,030	1,291
Natural and Economic Resources	72,393	69,914	2,479	64,394	49,545	14,849	186,379	156,878	29,501
Transportation and Law Enforcement	---	---	---	18,178	13,412	4,766	38,176	26,289	11,887
Human Services	140	131	9	36,000	25,028	10,972	173,328	152,920	20,408
Capital Outlay	897	818	79	3,094	2,232	862	7,809	5,891	1,918
Debt Service	---	---	---	17	11	6	17	11	6
Intergovernmental	---	---	---	907	627	280	975	695	280
Total Expenditures	77,861	73,963	3,898	129,113	95,154	33,959	438,707	364,940	73,767
Excess Revenues (Expenditures)	25,911	51,490	25,579	(6,250)	29,665	35,915	74,107	182,108	108,001
Other Financing Sources (Uses):									
Transfers In	61	31	(30)	41,356	39,949	(1,407)	52,769	51,323	(1,446)
Transfers Out	(8,613)	(7,353)	1,260	(75,290)	(67,357)	7,933	(198,051)	(180,652)	17,399
Total Other Financing Sources (Uses)	(8,552)	(7,322)	1,230	(33,934)	(27,408)	6,526	(145,282)	(129,329)	15,953
Net Change in Fund Balances	17,359	44,168	26,809	(40,184)	2,257	42,441	(71,175)	52,779	123,954
Fund Balances - Beginning	18,371	18,371	---	49,080	49,080	---	185,373	185,373	---
Fund Balances - Ending	$ 35,730	$ 62,539	$ 26,809	$ 8,896	$ 51,337	$ 42,441	$ 114,198	$ 238,152	$ 123,954
Reconciling Items:									
Reclassifying Cash Equivalents as Investments		(43,829)			(35,962)			(166,880)	
Investments at Fair Value		43,662			35,853			175,663	
Receivables		5,716			1,782			13,610	
Due from Other Funds		---			2			171	
Inventories		---			618			655	
Accounts Payable		(228)			(2,024)			(4,627)	
Accrued Payroll		(430)			(1,653)			(2,759)	
Due to Other Funds		(248)			(598)			(1,275)	
Deferred Revenue		(5,195)			(41)			(6,178)	
Fund Balance per GAAP		$ 61,987			$ 49,314			$ 246,532	



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

Debt Service Funds:

Water Pollution Control Bond and Interest – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

Third State Building Bond Interest and Sinking – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

Fourth State Building Bond and Interest – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

Stormwater Control Bond and Interest – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2004
(In Thousands of Dollars)

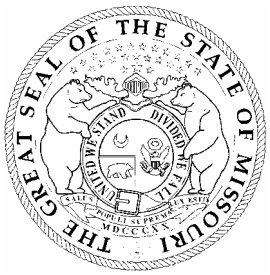
	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2004
ASSETS					
Cash and Cash Equivalents	$ 7,186	$ 11,834	$ 4,669	$ 810	$ 24,499
Investments	21,390	35,224	13,897	2,410	72,921
Interest Receivable	87	143	57	10	297
Total Assets	$ 28,663	$ 47,201	$ 18,623	$ 3,230	$ 97,717
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	$ 34	$ 56	$ 22	$ 4	$ 116
Total Liabilities	34	56	22	4	116
Fund Balances:					
Reserved for Debt Service	28,629	47,145	18,601	3,226	97,601
Total Fund Balances	28,629	47,145	18,601	3,226	97,601
Total Liabilities and Fund Balances	$ 28,663	$ 47,201	$ 18,623	$ 3,230	$ 97,717

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2004
Revenues:					
Investment Earnings:					
Net Decrease in the Fair Value of Investments	$ (230)	$ (361)	$ (156)	$ (25)	$ (772)
Interest	497	787	333	54	1,671
Total Revenues	267	426	177	29	899
Expenditures:					
Debt Service:					
Principal	12,470	19,370	7,080	1,095	40,015
Interest	15,002	13,017	10,499	2,093	40,611
Underwriter's Discount	153	154	---	---	307
Total Expenditures	27,625	32,541	17,579	3,188	80,933
Excess Expenditures	(27,358)	(32,115)	(17,402)	(3,159)	(80,034)
Other Financing Sources (Uses):					
Proceeds from General Obligation Bonds	74,655	75,650	---	---	150,305
Payments to Escrow Agent	(80,084)	(81,152)	---	---	(161,236)
Bond Premium	5,613	5,688	---	---	11,301
Transfers In	22,836	31,121	12,140	3,124	69,221
Total Other Financing Sources (Uses)	23,020	31,307	12,140	3,124	69,591
Net Change in Fund Balances	(4,338)	(808)	(5,262)	(35)	(10,443)
Fund Balances - Beginning	32,967	47,953	23,863	3,261	108,044
Fund Balances - Ending	$ 28,629	$ 47,145	$ 18,601	$ 3,226	$ 97,601

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:															
Interest	$ 532	$ 503	$ (29)	$ 785	$ 786	$ 1	$ 475	$ 342	$ (133)	$ 65	$ 54	$ (11)	$ 1,857	$ 1,685	$ (172)
Total Revenues	532	503	(29)	785	786	1	475	342	(133)	65	54	(11)	1,857	1,685	(172)
Expenditures:															
Debt Service	28,551	27,472	1,079	33,420	32,387	1,033	17,579	17,579	---	3,188	3,188	---	82,738	80,626	2,112
Total Expenditures	28,551	27,472	1,079	33,420	32,387	1,033	17,579	17,579	---	3,188	3,188	---	82,738	80,626	2,112
Excess Expenditures	(28,019)	(26,969)	1,050	(32,635)	(31,601)	1,034	(17,104)	(17,237)	(133)	(3,123)	(3,134)	(11)	(80,881)	(78,941)	1,940
Other Financing Sources:															
Proceeds from General Obligation Bonds	---	31	31	---	31	31	---	---	---	---	---	---	---	62	62
Transfers In	22,836	22,836	---	31,121	31,121	---	12,140	12,140	---	3,124	3,124	---	69,221	69,221	---
Total Other Financing Sources	22,836	22,867	31	31,121	31,152	31	12,140	12,140	---	3,124	3,124	---	69,221	69,283	62
Net Change in Fund Balances	(5,183)	(4,102)	1,081	(1,514)	(449)	1,065	(4,964)	(5,097)	(133)	1	(10)	(11)	(11,660)	(9,658)	2,002
Fund Balances - Beginning	32,817	32,817	---	47,735	47,735	---	23,753	23,753	---	3,246	3,246	---	107,551	107,551	---
Fund Balances - Ending	$ 27,634	$ 28,715	$ 1,081	$ 46,221	$ 47,286	$ 1,065	$ 18,789	$ 18,656	$ (133)	$ 3,247	$ 3,236	$ (11)	$ 95,891	$ 97,893	$ 2,002
Reconciling Items:															
Reclassifying Cash Equivalents as Investments		(21,529)			(35,452)			(13,987)			(2,426)			(73,394)	
Investments at Fair Value		21,390			35,224			13,897			2,410			72,921	
Interest Receivable		87			143			57			10			297	
Deferred Revenues		(34)			(56)			(22)			(4)			(116)	
Fund Balances - GAAP Basis		$ 28,629			$ 47,145			$ 18,601			$ 3,226			$ 97,601	



*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

Non-Major Capital Projects Funds:

Veterans' Homes Capital Improvement – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

Water Pollution Control – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

Fourth State Building – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

Stormwater Control – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

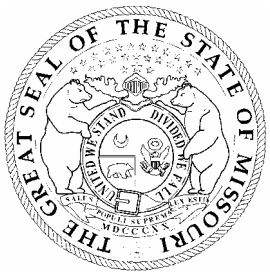
Board of Public Building Revenue Bond – Accounts for bond sale proceeds to be used for renovating state buildings and structures.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2004
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2004
ASSETS						
Cash and Cash Equivalents	$ 5,911	$ 7,004	$ 2,143	$ 5,721	$ 29,588	$ 50,367
Investments	13,793	20,847	6,380	17,027	88,066	146,113
Interest Receivable	70	98	26	72	422	688
Total Assets	$ 19,774	$ 27,949	$ 8,549	$ 22,820	$ 118,076	$ 197,168
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 21	$ ---	$ ---	$ ---	$ ---	$ 21
Accrued Payroll	36	---	---	---	---	36
Due to Other Funds	37	500	24	---	67	628
Deferred Revenue	27	38	10	28	164	267
Total Liabilities	121	538	34	28	231	952
Fund Balances:						
Unreserved	19,653	27,411	8,515	22,792	117,845	196,216
Total Fund Balances	19,653	27,411	8,515	22,792	117,845	196,216
Total Liabilities and Fund Balances	$ 19,774	$ 27,949	$ 8,549	$ 22,820	$ 118,076	$ 197,168

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2004
Revenues:						
Contributions and Intergovernmental	$ 157	$ ---	$ ---	$ ---	$ ---	$ 157
Investment Earnings:						
Net Decrease in the Fair Value of Investments	(214)	(279)	(70)	(193)	(1,136)	(1,892)
Interest	537	739	154	476	2,755	4,661
Cost Reimbursement/ Miscellaneous	---	---	---	---	28	28
Total Revenues	480	460	84	283	1,647	2,954
Expenditures:						
Current:						
General Government	128	---	24	---	84,646	84,798
Natural and Economic Resources	---	---	---	---	3	3
Transportation and Law Enforcement	2,636	---	---	---	26	2,662
Human Services	---	---	8	---	180	188
Capital Outlay:						
Current Expenditures	6,157	---	1,701	---	2,872	10,730
Intergovernmental	---	13,638	---	7,410	---	21,048
Total Expenditures	8,921	13,638	1,733	7,410	87,727	119,429
Excess Expenditures	(8,441)	(13,178)	(1,649)	(7,127)	(86,080)	(116,475)
Other Financing Sources (Uses):						
Transfers In	3,000	---	---	---	---	3,000
Transfers Out	(12,798)	(11,169)	---	---	---	(23,967)
Total Other Financing Sources (Uses)	(9,798)	(11,169)	---	---	---	(20,967)
Net Change in Fund Balances	(18,239)	(24,347)	(1,649)	(7,127)	(86,080)	(137,442)
Fund Balances - Beginning	37,892	51,758	10,164	29,919	203,925	333,658
Fund Balances - Ending	$ 19,653	$ 27,411	$ 8,515	$ 22,792	$ 117,845	$ 196,216



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

Permanent Funds:

Arrow Rock State Historic Site Endowment – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

Confederate Memorial Park – Accounts for the income from investments acquired by gifts, donations and bequests to be used for the maintenance of the Confederate Memorial Park.

State Public School – Accounts for all moneys, bonds, lands and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

Smith Memorial Endowment Trust – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

Missouri Investment Trust – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2004
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2004
ASSETS						
Cash and Cash Equivalents	$ 7	$ 42	$ 10	$ 114	$ ---	$ 173
Investments	15	99	22,338	265	21,952	44,669
Interest Receivable	---	---	---	1	---	1
Total Assets	$ 22	$ 141	$ 22,348	$ 380	$ 21,952	$ 44,843
LIABILITIES AND FUND BALANCES						
Fund Balances:						
Reserved for Trust Principal	$ 22	$ 75	$ 22,348	$ 365	$ 21,952	$ 44,762
Unreserved	---	66	---	15	---	81
Total Fund Balances	22	141	22,348	380	21,952	44,843
Total Liabilities and Fund Balances	$ 22	$ 141	$ 22,348	$ 380	$ 21,952	$ 44,843

Note: There were no liabilities at June 30, 2004.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2004
Revenues:						
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	$ ---	$ (1)	$ (43)	$ (3)	$ 4,036	$ 3,989
Interest	---	3	---	7	---	10
Penalties and Unclaimed Properties	---	---	273	---	---	273
Total Revenues	---	2	230	4	4,036	4,272
Expenditures:						
Human Services	---	---	---	14	---	14
Total Expenditures	---	---	---	14	---	14
Excess Revenues (Expenditures)	---	2	230	(10)	4,036	4,258
Other Financing Sources:						
Transfers In	---	---	2,550	---	---	2,550
Total Other Financing Sources	---	---	2,550	---	---	2,550
Net Change in Fund Balances	---	2	2,780	(10)	4,036	6,808
Fund Balances - Beginning	22	139	19,568	390	17,916	38,035
Fund Balances - Ending	$ 22	$ 141	$ 22,348	$ 380	$ 21,952	$ 44,843

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL APPROPRIATED PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

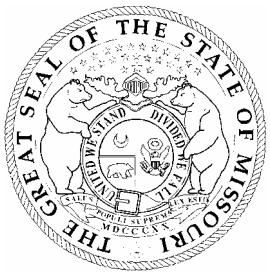
	Arrow Rock State Historic Site Endowment			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Interest	$ ---	$ ---	$ ---	$ 2	$ 2	$ ---	$ 1,232	$ 452	$ (780)	$ 10	$ 6	$ (4)
Penalties and Unclaimed Property	---	---	---	---	---	---	744	273	(471)	---	---	---
Total Revenues	---	---	---	2	2	---	1,976	725	(1,251)	10	6	(4)
Expenditures:												
Human Services	---	---	---	---	---	---	---	---	---	35	14	21
Total Expenditures	---	---	---	---	---	---	---	---	---	35	14	21
Excess Revenues (Expenditures)	---	---	---	2	2	---	1,976	725	(1,251)	(25)	(8)	17
Other Financing Sources:												
Transfers In	---	---	---	---	---	---	2,550	2,550	---	---	---	---
Total Other Financing Sources	---	---	---	---	---	---	2,550	2,550	---	---	---	---
Net Change in Fund Balances	---	---	---	2	2	---	4,526	3,275	(1,251)	(25)	(8)	17
Fund Balances - Beginning	22	22	---	139	139	---	4	4	---	388	388	---
Fund Balances - Ending	$ 22	$ 22	$ ---	$ 141	$ 141	$ ---	$ 4,530	$ 3,279	$ (1,251)	$ 363	$ 380	$ 17
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(15)			(99)			(3,269)			(266)	
Investments at Fair Value		15			99			22,338			265	
Interest Receivable		---			---			---			1	
Fund Balance - GAAP Basis		$ 22			$ 141			$ 22,348			$ 380	

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

This schedule is continued on page 117.

	Totals		
	Budget	Actual	Variance
Revenues:			
Interest	$ 1,244	$ 460	$ (784)
Penalties and Unclaimed Property	744	273	(471)
Total Revenues	1,988	733	(1,255)
Expenditures:			
Human Services	35	14	21
Total Expenditures	35	14	21
Excess Revenues (Expenditures)	1,953	719	(1,234)
Other Financing Sources:			
Transfers In	2,550	2,550	---
Total Other Financing Sources	2,550	2,550	---
Net Change in Fund Balances	4,503	3,269	(1,234)
Fund Balances - Beginning	553	553	---
Fund Balances - Ending	$ 5,056	$ 3,822	$ (1,234)
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(3,649)	
Investments at Fair Value		22,717	
Interest Receivable		1	
Fund Balance - GAAP Basis		$ 22,891	

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.



*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

Non-Major Enterprise Funds:

State Fair Fees – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the state fair.

State Parks – Accounts for park concessions and contributions which are used to acquire and operate state parks.

Natural Resources Revolving Services – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records and other publications and documents.

Historic Preservation Revolving – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain or operate any historical properties.

Missouri Veterans' Homes – Accounts for fees to provide services for persons confined to one of the veterans' homes.

State Agency for Surplus Property – Accounts for the surplus property operation.

Department of Revenue Information – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
June 30, 2004
(In Thousands of Dollars)

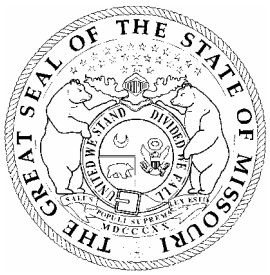
	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2004
ASSETS								
Current Assets:								
Cash and Cash Equivalents	$ 117	$ 1,244	$ 127	$ 262	$ 476	$ 637	$ 33	$ 2,896
Investments	272	2,888	294	612	1,113	1,486	137	6,802
Accounts Receivable, Net	---	---	11	---	168	172	70	421
Interest Receivable	1	---	---	2	5	---	---	8
Due from Other Funds	5	---	147	---	---	2	---	154
Inventories	---	182	436	---	258	233	69	1,178
Prepaid Items	---	---	22	---	---	1	---	23
Loans Receivable	---	---	---	512	---	---	---	512
Noncurrent Assets:								
Assets Held for Resale	---	---	---	115	---	---	---	115
Capital Assets:								
Construction in Progress	---	4,421	---	44	---	---	---	4,465
Land	---	15,596	---	185	---	---	---	15,781
Land Improvements	59	6,823	---	---	17	169	---	7,068
Buildings	3	20,291	---	480	164	161	---	21,099
Equipment	233	8,508	14,930	39	4,477	698	381	29,266
Less Accumulated Depreciation	(181)	(13,818)	(11,626)	(118)	(2,616)	(915)	(337)	(29,611)
Total Capital Assets (Net of Accumulated Depreciation)	114	41,821	3,304	630	2,042	113	44	48,068
Total Assets	509	46,135	4,341	2,133	4,062	2,644	353	60,177
LIABILITIES								
Current Liabilities:								
Accounts Payable	87	132	4	---	942	180	4	1,349
Accrued Payroll	61	62	2	1	1,192	25	26	1,369
Due to Other Funds	20	13	15	---	485	21	19	573
Deferred Revenue	---	---	41	---	---	---	---	41
Compensated Absences	79	45	6	1	1,470	58	44	1,703
Total Liabilities	247	252	68	2	4,089	284	93	5,035
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	114	41,821	3,304	630	2,042	113	44	48,068
Unrestricted	148	4,062	969	1,501	(2,069)	2,247	216	7,074
Total Net Assets	$ 262	$ 45,883	$ 4,273	$ 2,131	$ (27)	$ 2,360	$ 260	$ 55,142

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2004
Operating Revenues:								
Taxes	$ 123	$ 187	$ 3	$ ---	$ ---	$ ---	$ 54	$ 367
Licenses, Fees and Permits	3,002	4,597	27	---	---	---	---	7,626
Sales	---	623	173	11	299	2,055	1,779	4,940
Leases and Rentals	1,011	1,624	---	---	---	---	---	2,635
Charges for Services	---	---	134	---	18,426	---	---	18,560
Cost Reimbursement/Miscellaneous	2	20	47	---	---	---	---	69
Total Operating Revenues	4,138	7,051	384	11	18,725	2,055	1,833	34,197
Operating Expenses:								
Cost of Goods Sold	---	---	28	---	---	746	---	774
Personal Service	1,067	1,081	49	29	36,027	852	652	39,757
Operations	2,797	3,213	343	34	9,430	435	513	16,765
Inventories	39	112	257	1	5,356	7	90	5,862
Specific Programs	31	14	---	---	345	---	---	390
Depreciation	34	1,259	968	12	531	43	22	2,869
Other Charges	178	193	4	---	208	---	51	634
Total Operating Expenses	4,146	5,872	1,649	76	51,897	2,083	1,328	67,051
Operating Income (Loss)	(8)	1,179	(1,265)	(65)	(33,172)	(28)	505	(32,854)
Non-Operating Revenues (Expenses):								
Contributions and Intergovernmental	---	183	1,850	---	21,195	---	---	23,228
Investment Earnings:								
Net Decrease in the Fair Value of Investments	(2)	(34)	(3)	(6)	(6)	(14)	(3)	(68)
Interest	5	2	---	19	43	35	---	104
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Fixed Assets	---	---	97	---	(7)	(12)	(1)	77
Miscellaneous Revenues	---	---	---	---	---	54	---	54
Total Non-Operating Revenues (Expenses)	3	152	1,944	13	21,225	63	(4)	23,396
Income (Loss) Before Transfers	(5)	1,331	679	(52)	(11,947)	35	501	(9,458)
Transfers In	---	---	---	---	12,600	---	---	12,600
Transfers Out	(27)	(43)	(5)	(1)	(258)	(10)	(1,227)	(1,571)
Change in Net Assets	(32)	1,288	674	(53)	395	25	(726)	1,571
Total Net Assets - Beginning	294	44,595	3,599	2,184	(422)	2,335	986	53,571
Total Net Assets - Ending	$ 262	$ 45,883	$ 4,273	$ 2,131	$ (27)	$ 2,360	$ 260	$ 55,142

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2004
Cash Flows from Operating Activities:								
Receipts from Customers and Users	$ 4,136	$ 7,090	$ 351	$ 11	$ 18,761	$ 2,038	$ 1,935	$ 34,322
Payments to Suppliers	(2,797)	(3,184)	(621)	(41)	(14,650)	(1,115)	(520)	(22,928)
Payments to Employees	(952)	(1,049)	(47)	(29)	(35,610)	(843)	(595)	(39,125)
Payments Made for Program Expense	(31)	(14)	---	---	(345)	---	---	(390)
Other Receipts (Payments)	(176)	(173)	43	---	(208)	---	(51)	(565)
Net Cash Provided (Used) by Operating Activities	180	2,670	(274)	(59)	(32,052)	80	769	(28,686)
Cash Flows from Non-Capital Operating Activities:								
Loans Made to Outside Entities	---	---	---	64	---	---	---	64
Due to/from Other Funds	16	45	(114)	---	116	5	9	77
Contributions and Intergovernmental	---	183	1,850	---	21,195	---	---	23,228
Transfers to/from Other Funds	(27)	(43)	(5)	(1)	12,342	(10)	(1,227)	11,029
Net Cash Provided (Used) by Non-Capital Operating Activities	(11)	185	1,731	63	33,653	(5)	(1,218)	34,398
Cash Flows from Capital and Related Financing Activities:								
Purchases and Construction of Capital Assets	(48)	(4,094)	(1,538)	(1)	(528)	(31)	---	(6,240)
Disposal of Capital Assets	---	1	122	---	5	---	---	128
Net Cash Used by Capital and Related Financing Activities	(48)	(4,093)	(1,416)	(1)	(523)	(31)	---	(6,112)
Cash Flows from Investing Activities:								
Proceeds from Investment Maturities	---	930	---	---	---	---	297	1,227
Purchase of Investments	(85)	---	(26)	(5)	(780)	(68)	---	(964)
Interest and Dividends Received	5	2	---	19	43	35	---	104
Penalties and Other Receipts	---	1	---	---	---	54	---	55
Net Cash Provided (Used) by Investing Activities	(80)	933	(26)	14	(737)	21	297	422
Net Increase (Decrease) in Cash	41	(305)	15	17	341	65	(152)	22
Cash and Cash Equivalents, Beginning of Year	76	1,549	112	245	135	572	185	2,874
Cash and Cash Equivalents, End of Year	$ 117	$ 1,244	$ 127	$ 262	$ 476	$ 637	$ 33	$ 2,896
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	$ (8)	$ 1,179	$ (1,265)	$ (65)	$ (33,172)	$ (28)	$ 505	$ (32,854)
Depreciation Expense	34	1,259	968	12	531	43	22	2,869
Changes in Assets and Liabilities:								
Accounts Receivable	---	59	14	---	36	(17)	102	194
Inventories	1	55	(2)	---	(10)	(95)	90	39
Prepaid Items	---	---	12	---	---	1	---	13
Accounts Payable	38	86	(3)	(6)	146	167	(7)	421
Accrued Payroll	39	19	2	---	200	---	20	280
Compensated Absences Payable	76	13	---	---	217	9	37	352
Net Cash Provided (Used) by Operating Activities	$ 180	$ 2,670	$ (274)	$ (59)	$ (32,052)	$ 80	$ 769	$ (28,686)



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

Internal Service Funds:

Natural Resources Cost Allocation – Accounts for the administrative costs of the Department of Natural Resources.

Mental Health Interagency Payments – Accounts for moneys received through interagency agreements for services provided by other agencies.

State Facility Maintenance and Operation – Accounts for moneys transferred or paid to the Office of Administration as operating expenses, and for rent expenses of certain state-owned facilities.

Office of Administration Revolving – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

Working Capital Revolving – Accounts for the operation of correctional industry programs and correctional farm programs.

General Government Revolving – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer and Department of Corrections.

Social Services Administrative Trust – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

Economic Development – Administrative – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

Professional Registration Fees – Accounts for moneys received from the professional boards for administrative services.

Conservation Employees' Insurance Plan – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for the Department of Conservation employees.

Transportation Self-Insurance Plan – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

Missouri State Employees' Insurance Plan – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

Missouri Consolidated Health Care Plan – Accounts for medical care benefits provided on a self-insured basis for state employees.

Highway and Transportation Employees' and Highway Patrol Insurance Plan – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2004
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2004
ASSETS															
Current Assets:															
Cash and Cash Equivalents	$ 430	$ 248	$ 256	$ 3,039	$ 2,961	$ 373	$ 105	$ 123	$ 82	$ 3,281	$ ---	$ ---	$ 84,247	$ 13,870	$ 109,015
Investments	999	580	600	7,253	6,906	870	244	287	190	---	36,863	1,763	---	11,925	68,480
Accounts Receivable, Net	---	---	---	1,814	1,498	7,481	---	99	---	386	---	927	2,786	23	15,014
Interest Receivable	---	---	---	---	---	---	---	---	---	---	215	---	---	---	215
Due from Other Funds	---	651	31	3,525	2,005	---	97	8	---	---	---	138	12,969	---	19,424
Inventories	---	16	---	211	11,475	---	121	2	11	---	---	---	---	---	11,836
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	53	---	53
Noncurrent Assets:															
Restricted Assets:															
Cash and Cash Equivalents	---	---	8,341	473	---	---	---	---	---	---	---	---	---	---	8,814
Investments	---	---	15,099	---	---	---	---	---	---	---	---	---	---	---	15,099
Capital Assets:															
Construction in Progress	198	---	147,104	7,864	24	---	---	---	---	---	---	---	---	---	155,190
Land	---	---	8,307	11	103	---	---	---	---	---	---	---	---	---	8,421
Land Improvements	---	---	2,824	---	---	---	---	---	---	---	---	---	---	---	2,824
Buildings	---	---	223,894	6,766	6,413	---	---	---	2,300	---	---	---	---	---	239,373
Equipment	4,839	1,334	5,080	33,163	22,928	67	523	779	1,457	---	---	---	2,304	---	72,474
Less Accumulated Depreciation	(3,602)	(308)	(126,981)	(25,117)	(21,960)	(39)	(276)	(595)	(1,552)	---	---	---	(1,875)	---	(182,305)
Total Capital Assets (Net of Accumulated Depreciation)	1,435	1,026	260,228	22,687	7,508	28	247	184	2,205	---	---	---	429	---	295,977
Total Assets	2,864	2,521	284,555	39,002	32,353	8,752	814	703	2,488	3,667	37,078	2,828	100,484	25,818	543,927
LIABILITIES															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	3	---	---	3
Accounts Payable	10	49	443	3,072	3,156	10	69	20	153	2,186	40,221	2,508	33,817	9,663	95,377
Accrued Payroll	197	---	248	463	486	33	1	49	115	---	---	---	---	---	1,592
Due to Other Funds	77	48	705	167	135	15	6	20	59	---	---	---	---	---	1,232
Deferred Revenue	---	---	---	76	---	---	---	---	---	---	---	---	13,441	6,224	19,741
Obligations under Lease Purchase	---	---	80	1,420	---	---	---	---	---	---	---	---	---	---	1,500
Compensated Absences	364	---	512	895	613	86	1	79	209	---	---	---	160	---	2,919
Noncurrent Liabilities:															
Obligations under Lease Purchase	---	---	986	1,164	---	---	---	---	---	---	---	---	---	---	2,150
Compensated Absences	115	---	65	220	526	---	---	21	---	---	---	---	28	---	975
Total Liabilities	763	97	3,039	7,477	4,916	144	77	189	536	2,186	40,221	2,511	47,446	15,887	125,489
NET ASSETS															
Invested in Capital Assets, Net of Related Debt	1,435	1,026	259,162	20,103	7,508	28	247	184	2,205	---	---	---	429	---	292,327
Restricted for:															
Revenue Bonds	---	---	23,440	---	---	---	---	---	---	---	---	---	---	---	23,440
Unrestricted	666	1,398	(1,086)	11,422	19,929	8,580	490	330	(253)	1,481	(3,143)	317	52,609	9,931	102,671
Total Net Assets	$ 2,101	$ 2,424	$ 281,516	$ 31,525	$ 27,437	$ 8,608	$ 737	$ 514	$ 1,952	$ 1,481	$ (3,143)	$ 317	$ 53,038	$ 9,931	$ 418,438

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

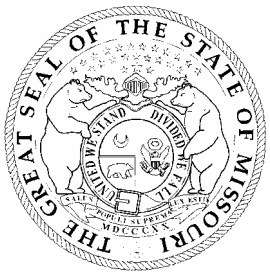
	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2004
Operating Revenues:															
Employer Contributions	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 7,775	$ 17,359	$ ---	$ 307,616	$ 53,749	$ 386,499
Employee Contributions	---	---	---	---	---	---	---	---	---	4,548	---	25,772	84,757	23,909	138,986
Licenses, Fees and Permits	---	---	---	---	---	1,984	---	---	2	---	---	---	---	---	1,986
Sales	---	---	---	---	31,296	7	11	3	---	---	---	---	---	---	31,317
Leases and Rentals	---	---	19,043	---	104	6	168	---	---	---	---	---	---	---	19,321
Charges for Services	9,654	4,259	707	79,055	680	2,692	3,909	2,070	5,738	---	---	---	---	---	108,764
Cost Reimbursement/Miscellaneous	1	---	1	1,565	1	78	---	---	8	---	789	436	---	825	3,704
Total Operating Revenues	9,655	4,259	19,751	80,620	32,081	4,767	4,088	2,073	5,748	12,323	18,148	26,208	392,373	78,483	690,577
Operating Expenses:															
Cost of Goods Sold	---	---	---	4,079	12,634	---	---	---	---	---	---	---	---	---	16,713
Personal Service	6,155	52	8,053	14,114	11,875	1,142	24	1,543	3,554	---	---	338	3,785	---	50,635
Operations	2,112	2,215	13,814	49,148	3,342	2,523	4,544	531	2,100	1,665	1,474	172	11,947	7,521	103,108
Inventories	62	6	56	630	157	9	97	17	78	---	---	---	---	---	1,112
Specific Programs	6	869	39	---	17	---	---	---	1	---	---	---	---	---	932
Insurance Benefits	---	---	---	---	---	---	---	---	---	8,725	14,442	25,736	357,845	60,673	467,421
Depreciation	843	236	7,600	3,226	1,518	9	51	95	294	---	---	---	260	---	14,132
Other Charges	106	19	66	928	1,702	13	---	13	35	6	---	---	---	---	2,888
Total Operating Expenses	9,284	3,397	29,628	72,125	31,245	3,696	4,716	2,199	6,062	10,396	15,916	26,246	373,837	68,194	656,941
Operating Income (Loss)	371	862	(9,877)	8,495	836	1,071	(628)	(126)	(314)	1,927	2,232	(38)	18,536	10,289	33,636
Non-Operating Revenues (Expenses):															
Contributions and Intergovernmental	---	172	---	156	---	25	64	8	---	---	---	---	---	---	425
Interest Expense	---	---	(41)	(134)	---	---	---	---	---	---	---	---	---	---	(175)
Investment Earnings:															
Net Decrease in the Fair Value of Investments	(9)	(4)	(95)	(72)	(70)	(9)	(4)	(3)	(2)	---	(989)	---	---	(14)	(1,271)
Interest	---	---	755	---	---	---	---	---	---	25	896	24	765	212	2,677
Penalties and Unclaimed Properties	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Disposal of Fixed Assets	(23)	---	(1)	(11)	1	---	(1)	(2)	(15)	---	---	---	(24)	---	(76)
Other Non-Operating Revenues	---	---	---	---	---	---	---	---	---	---	---	---	1	---	1
Total Non-Operating Revenues (Expenses)	(32)	168	618	(61)	(69)	16	60	3	(17)	25	(93)	24	742	198	1,582
Income (Loss) before Transfers	339	1,030	(9,259)	8,434	767	1,087	(568)	(123)	(331)	1,952	2,139	(14)	19,278	10,487	35,218
Transfers Out	(60)	(54)	(134)	(4,018)	(149)	(307)	(33)	(10)	(28)	---	---	---	---	---	(4,793)
Change in Net Assets	279	976	(9,393)	4,416	618	780	(601)	(133)	(359)	1,952	2,139	(14)	19,278	10,487	30,425
Total Net Assets - Beginning	1,822	1,448	290,909	27,109	26,819	7,828	1,338	647	2,311	(471)	(5,282)	331	33,760	(556)	388,013
Total Net Assets - Ending	$ 2,101	$ 2,424	$ 281,516	$ 31,525	$ 27,437	$ 8,608	$ 737	$ 514	$ 1,952	$ 1,481	$ (3,143)	$ 317	$ 53,038	$ 9,931	$ 418,438

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2004
Cash Flows from Operating Activities:															
Receipts from Customers and Users	$ 9,654	$ 4,259	$ 19,781	$ 71,257	$ 32,569	$ 3,840	$ 4,088	$ 1,975	$ 5,740	$ 12,293	$ 17,359	$ 25,756	$ 392,966	$ 78,549	$ 680,086
Payments to Suppliers	(2,169)	(2,172)	(13,866)	(52,986)	(17,579)	(2,610)	(4,507)	(535)	(2,104)	(1,630)	(1,221)	(112)	(12,037)	(7,240)	(120,768)
Payments to Employees	(6,134)	(55)	(8,062)	(14,123)	(11,415)	(1,125)	(26)	(1,528)	(3,566)	---	---	(338)	(3,786)	---	(50,158)
Payments Made for Program Expense	(6)	(869)	(39)	---	(17)	---	---	---	(1)	(8,725)	(11,881)	(25,736)	(352,118)	(61,289)	(460,681)
Other Receipts (Payments)	(105)	(19)	(65)	8,539	(1,701)	65	---	(13)	(27)	(6)	789	436	---	825	8,718
Net Cash Provided (Used) by Operating Activities	1,240	1,144	(2,251)	12,687	1,857	170	(445)	(101)	42	1,932	5,046	6	25,025	10,845	57,197
Cash Flows from Non-Capital Operating Activities:															
Due to/from Other Funds	11	(124)	585	(331)	(837)	(5)	59	(4)	9	---	---	(17)	(2,588)	---	(3,242)
Contibutions and Intergovernmental	---	172	---	156	---	25	64	8	---	---	---	---	---	---	425
Transfers to Other Funds	(60)	(54)	(134)	(4,018)	(149)	(307)	(33)	(10)	(28)	---	---	---	---	---	(4,793)
Net Cash Provided (Used) by Non-Capital Operating Activities	(49)	(6)	451	(4,193)	(986)	(287)	90	(6)	(19)	---	---	(17)	(2,588)	---	(7,610)
Cash Flows from Capital and Related Financing Activities:															
Interest Expense	---	---	(41)	(134)	---	---	---	---	---	---	---	---	---	---	(175)
Purchases and Construction of Capital Assets	(888)	(873)	(59,446)	(8,032)	(1,106)	(12)	---	(54)	(124)	---	---	---	(124)	---	(70,659)
Capital Lease Downpayment/Obligations	---	---	(77)	(137)	(4)	---	---	---	---	---	---	---	---	---	(218)
Disposal of Capital Assets	3	---	---	---	5	---	---	---	4	---	---	---	---	---	12
Net Cash Used by Capital and Related Financing Activities	(885)	(873)	(59,564)	(8,303)	(1,105)	(12)	---	(54)	(120)	---	---	---	(124)	---	(71,040)
Cash Flows from Investing Activities:															
Proceeds from Investment Maturities	---	---	49,312	35	290	108	257	120	73	---	23,751	499,084	---	---	573,030
Purchase of Investments	(199)	(179)	---	---	---	---	---	---	---	---	(30,226)	(499,097)	---	(11,939)	(541,640)
Interest and Dividends Received	---	---	755	---	---	---	---	---	---	25	835	24	810	212	2,661
Penalties and Other Receipts	---	---	---	---	---	---	1	---	---	---	---	---	1	---	2
Net Cash Provided (Used) by Investing Activities	(199)	(179)	50,067	35	290	108	258	120	73	25	(5,640)	11	811	(11,727)	34,053
Net Increase (Decrease) in Cash	107	86	(11,297)	226	56	(21)	(97)	(41)	(24)	1,957	(594)	---	23,124	(882)	12,600
Cash and Cash Equivalents, Beginning of Year	323	162	19,894	3,286	2,905	394	202	164	106	1,324	594	(3)	61,123	14,752	105,226
Cash and Cash Equivalents, End of Year	$ 430	$ 248	$ 8,597	$ 3,512	$ 2,961	$ 373	$ 105	$ 123	$ 82	$ 3,281	$ ---	$ (3)	$ 84,247	$ 13,870	$ 117,826
Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:															
Operating Income (Loss)	$ 371	$ 862	$ (9,877)	$ 8,495	$ 836	$ 1,071	$ (628)	$ (126)	$ (314)	$ 1,927	$ 2,232	$ (38)	$ 18,536	$ 10,289	$ 33,636
Depreciation Expense	843	236	7,600	3,226	1,518	9	51	95	294	---	---	---	260	---	14,132
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	31	110	489	(849)	---	(98)	---	(30)	---	(16)	(188)	(8)	(559)
Inventories	---	---	---	48	(1,653)	---	97	---	1	---	---	---	---	---	(1,507)
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	(49)	---	(49)
Accounts Payable	5	49	4	823	207	(78)	37	13	73	35	2,814	60	5,686	(335)	9,393
Accrued Payroll	7	(3)	---	12	(1)	(3)	(1)	3	1	---	---	---	---	---	15
Deferred Revenue	---	---	---	(6)	---	---	---	---	---	---	---	---	781	899	1,674
Compensated Absences Payable	14	---	(9)	(21)	461	20	(1)	12	(13)	---	---	---	(1)	---	462
Net Cash Provided (Used) by Operating Activities	$ 1,240	$ 1,144	$ (2,251)	$ 12,687	$ 1,857	$ 170	$ (445)	$ (101)	$ 42	$ 1,932	$ 5,046	$ 6	$ 25,025	$ 10,845	$ 57,197

Non-Cash Financing Activities:

During fiscal year 2004, the Office of Administration Revolving Fund entered into an equipment capital lease agreement for $3,099,000. The new lease agreement was part of a trade-in of old leased equipment that resulted in a $602,000 buyout of the old capital lease.



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

Pension (and Other Employee Benefit) Trust Funds:

Missouri State Employees' Retirement System:

Missouri State Employees' Plan – Accounts for retirement, survivor and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

Administrative Law Judges' and Advisors' Plan – Accounts for retirement, survivor and disability benefits paid to individuals appointed as administrative law judges or legal advisors in the Division of Workers' Compensation, members of the Labor and Industrial Relations Commission and their attorneys, the chairperson of the State Board of Mediation, and administrative hearing commissioners.

Judicial Plan – Accounts for retirement, survivor and disability benefits to judges in the State of Missouri.

Highway and Transportation Employees' and Highway Patrol Retirement Plan – Accounts for retirement, survivor and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

Missouri State Employees' Deferred Compensation Incentive (IRC 401a) Plan – Accounts for retirement benefits paid to employees of the State.

Missouri State Public Employees' Deferred Compensation (IRC 457) Plan – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

Private-Purpose Trust Funds:

Alternative Care Trust – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

Johnson-Travis Memorial Trust – Accounts for all moneys, stocks and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop and maintain the gardens.

Unclaimed Property – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends and interest of banks unable to locate the owners.

Agency Funds:

State Retirement Contributions – Accounts for the receipt of contributions from various state funds which are to be transferred to the Missouri State Employees' Retirement Plan Trust Fund.

Social Security Contributions – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

Missouri State Employees' Deferred Compensation Incentive Plan Administration – Accounts for moneys to be used for the payment by the State to deferred compensation investment companies on behalf of qualified state employees.

Missouri Consolidated Health Care Plan Benefit – Accounts for the receipt of contributions from various state funds, which are to be transferred to the Missouri Consolidated Health Care Plan Fund.

Missouri State Employees' Voluntary Life Insurance – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

Program – Accounts for the receipt of various taxes, refundable deposits and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

Institution – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
June 30, 2004
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Deferred Compensation		Totals
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan		401 (a) Plan	457 * Plan	June 30, 2004
ASSETS							
Cash and Cash Equivalents	$ 274,855	$ 737	$ 1,824	$ 624	$ ---	$ 2,422	$ 280,462
Investments at Fair Value	5,607,282	15,043	37,220	1,335,423	173,988	866,631	8,035,587
Receivables:							
Accounts Receivable	140,507	413	1,789	18,533	5	---	161,247
Interest Receivable	26,309	71	175	4,329	---	---	30,884
Due from Other Funds	6,817	---	---	---	462	---	7,279
Invested Securities Lending Collateral	1,177,855	3,160	7,818	150,085	---	---	1,338,918
Prepaid Expenses	24	---	---	157	---	---	181
Capital Assets:							
Land	265	1	2	84	---	---	352
Buildings	3,321	9	22	582	---	---	3,934
Equipment	1,880	5	12	110	---	---	2,007
Accumulated Depreciation	(1,884)	(5)	(12)	(67)	---	---	(1,968)
Total Capital Assets, Net	3,582	10	24	709	---	---	4,325
Total Assets	7,237,231	19,434	48,850	1,509,860	174,455	869,053	9,858,883
LIABILITIES							
Accounts Payable	200,026	536	1,328	6,255	---	---	208,145
Securities Lending Collateral	1,177,450	3,159	7,815	150,085	---	---	1,338,509
Obligations under Lease Purchase	---	---	---	18	---	---	18
Compensated Absences	268	1	2	65	---	---	336
Total Liabilities	1,377,744	3,696	9,145	156,423	---	---	1,547,008
Net Assets Held in Trust for Benefits	$ 5,859,487	$ 15,738	$ 39,705	$ 1,353,437	$ 174,455	$ 869,053	$ 8,311,875

* This was classified as a private-purpose trust fund in the FY03 CAFR. See Note 2-*Reporting Changes and Reclassifications.*

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Deferred Compensation		Totals
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan		401 (a) Plan	457 * Plan	June 30, 2004
Additions:							
Contributions:							
Employer	$ 164,692	$ 946	$ 20,636	$ 86,725	$ 11,214	$ ---	$ 284,213
Plan Member	3,426	---	---	843	---	61,020	65,289
Other	167	---	---	---	45,776	---	45,943
Total Contributions	168,285	946	20,636	87,568	56,990	61,020	395,445
Investment Earnings:							
Net Increase in the Fair Value of Investments	780,184	2,093	5,179	8,094	9,628	89,746	894,924
Interest, Dividends, Other	144,446	388	959	27,981	4,845	22,318	200,937
Securities Lending Income	17,341	47	115	476	---	---	17,979
Net Gain on Sale of Investments	---	---	---	148,469	---	---	148,469
Total Investment Earnings	941,971	2,528	6,253	185,020	14,473	112,064	1,262,309
Less Investment Expenses:							
Investment Activity Expense	(54,836)	(147)	(364)	(3,966)	---	---	(59,313)
Securities Lending Expense	(13,342)	(36)	(89)	(143)	---	---	(13,610)
Total Investment Expense	(68,178)	(183)	(453)	(4,109)	---	---	(72,923)
Net Investment Earnings	873,793	2,345	5,800	180,911	14,473	112,064	1,189,386
Cost Reimbursement/ Miscellaneous	470	1	3	34	---	---	508
Total Additions	1,042,548	3,292	26,439	268,513	71,463	173,084	1,585,339
Deductions:							
Benefits	367,248	1,003	17,658	154,987	9,899	---	550,795
Administrative Expenses	5,451	15	36	1,608	54	---	7,164
Program Distributions	---	---	---	---	---	49,207	49,207
Service Transfer Payments	529	---	---	---	---	---	529
Contribution Refunds	9	---	---	---	---	---	9
Depreciation	243	1	2	31	---	---	277
Total Deductions	373,480	1,019	17,696	156,626	9,953	49,207	607,981
Change in Net Assets	669,068	2,273	8,743	111,887	61,510	123,877	977,358
Net Assets Held in Trust for Benefits Beginning of Year	5,190,419	13,465	30,962	1,241,550	112,945	745,176	7,334,517
End of Year	$ 5,859,487	$ 15,738	$ 39,705	$ 1,353,437	$ 174,455	$ 869,053	$ 8,311,875

* This was classified as a private-purpose trust fund in the FY03 CAFR. See Note 2-*Reporting Changes and Reclassifications.*

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2004
(In Thousands of Dollars)

	Alternative Care Trust	Johnson-Travis Memorial Trust	Unclaimed Property	Totals June 30, 2004
ASSETS				
Cash and Cash Equivalents	$ 1,016	$ 6	$ 1,729	$ 2,751
Investments at Fair Value	2,370	61	4,034	6,465
Interest Receivable	9	---	---	9
Advance to Other Funds	---	---	61,607	61,607
Capital Assets:				
Equipment	---	---	21	21
Less: Accumulated Depreciation	---	---	(15)	(15)
Total Capital Assets, Net	---	---	6	6
Total Assets	3,395	67	67,376	70,838
LIABILITIES				
Accounts Payable	1,073	---	2	1,075
Escheats/Unclaimed Property	---	---	67,374	67,374
Total Liabilities	1,073	---	67,376	68,449
NET ASSETS				
Net Assets Held in Trust for Other Purposes	$ 2,322	$ 67	$ ---	$ 2,389

Note: The Missouri State Employees' Deferred Compensation (IRC 457) Plan has been reclassified as a pensior (and other employee benefit) trust fund. See Note 2 - *Reporting Changes and Reclassifications.*

STATE OF MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Alternative Care Trust	Johnson-Travis Memorial Trust	Unclaimed Property	Totals June 30, 2004
Additions:				
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	$ (22)	$ 9	$ (28)	$ (41)
Interest	54	2	1	57
Total Investment Earnings	32	11	(27)	16
Unclaimed Property	---	---	43,126	43,126
Cost Reimbursement/Miscellaneous	10,982	---	31	11,013
Total Additions	11,014	11	43,130	54,155
Deductions:				
Administrative Expenses	---	---	1,390	1,390
Program Distributions	10,784	---	---	10,784
Depreciation	---	---	2	2
Transfers Out	---	---	41,738	41,738
Total Deductions	10,784	---	43,130	53,914
Change in Net Assets	230	11	---	241
Net Assets - Beginning	2,092	56	---	2,148
Net Assets - Ending	$ 2,322	$ 67	$ ---	$ 2,389

Note: The Missouri State Employees' Deferred Compensation (IRC 457) Plan has been reclassified as a pensior (and other employee benefit) trust fund. See Note 2 - *Reporting Changes and Reclassifications.*

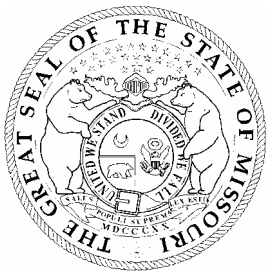
STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2004
(In Thousands of Dollars)

	State Retirement Contributions	Social Security Contributions	Missouri State Employees' Deferred Compensation Incentive Plan Administration	Missouri Consolidated Health Care Plan Benefit	Program	Institution	Totals June 30, 2004
ASSETS							
Cash and Cash Equivalents	$ ---	$ 34	$ ---	$ 4	$ 23,084	$ 16,047	$ 39,169
Investments at Fair Value	11	77	1	8	256,395	1,064	257,556
Receivables:							
Accounts Receivable	---	---	---	---	197,786	209	197,995
Interest Receivable	---	---	---	---	178	---	178
Due from Other Funds	6,944	5,663	461	12,957	---	---	26,025
Financial Assurance Instruments	---	---	---	---	274,761	---	274,761
Total Assets	$ 6,955	$ 5,774	$ 462	$ 12,969	$ 752,204	$ 17,320	$ 795,684
LIABILITIES							
Accounts Payable	$ ---	$ ---	$ ---	$ ---	$ 27	$ ---	$ 27
Due to Other Entities	---	5,774	---	---	725,007	---	730,781
Due to Individuals	---	---	---	---	26,993	17,320	44,313
Due to Other Funds	6,955	---	462	12,969	177	---	20,563
Total Liabilities	$ 6,955	$ 5,774	$ 462	$ 12,969	$ 752,204	$ 17,320	$ 795,684

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2004.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
STATE RETIREMENT CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	$ ---	$ 172,492	$ 172,492	$ ---
Investments at Fair Value	1	11	1	11
Due from Other Funds	6,667	6,944	6,667	6,944
Total Assets	$ 6,668	$ 179,447	$ 179,160	$ 6,955
LIABILITIES				
Due to Other Funds	$ 6,668	$ 520,751	$ 520,464	$ 6,955
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	$ 32	$ 138,165	$ 138,163	$ 34
Investments at Fair Value	79	77	79	77
Due from Other Funds	5,651	5,663	5,651	5,663
Total Assets	$ 5,762	$ 143,905	$ 143,893	$ 5,774
LIABILITIES				
Due to Other Entities	$ 5,762	$ 420,188	$ 420,176	$ 5,774
DEFERRED COMPENSATION INCENTIVE PLAN ADMINISTRATION				
ASSETS				
Cash and Cash Equivalents	$ ---	$ 11,270	$ 11,270	$ ---
Investments at Fair Value	1	1	1	1
Due from Other Funds	468	461	468	461
Total Assets	$ 469	$ 11,732	$ 11,739	$ 462
LIABILITIES				
Due to Other Funds	$ 469	$ 34,248	$ 34,255	$ 462
MISSOURI CONSOLIDATED HEALTH CARE PLAN BENEFIT				
ASSETS				
Cash and Cash Equivalents	$ 3	$ 283,020	$ 283,019	$ 4
Investments at Fair Value	8	8	8	8
Due from Other Funds	10,370	12,957	10,370	12,957
Total Assets	$ 10,381	$ 295,985	$ 293,397	$ 12,969
LIABILITIES				
Due to Other Funds	$ 10,381	$ 794,843	$ 792,255	$ 12,969
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE				
ASSETS				
Cash and Cash Equivalents	$ ---	$ 661	$ 661	$ ---
LIABILITIES				
Due to Other Entities	$ ---	$ 661	$ 661	$ ---
PROGRAM				
ASSETS				
Cash and Cash Equivalents	$ 25,633	$ 3,445,610	$ 3,448,159	$ 23,084
Investments at Fair Value	251,848	1,144,507	1,139,960	256,395
Receivables:				
Accounts Receivable	177,491	20,746	451	197,786
Interest Receivable	179	1,313	1,314	178
Financial Assurance Instruments	272,346	2,415	---	274,761
Total Assets	$ 727,497	$ 4,614,591	$ 4,589,884	$ 752,204
LIABILITIES				
Accounts Payable	$ 24	$ 335	$ 332	$ 27
Due to Other Entities	697,680	3,715,572	3,688,245	725,007
Due to Individuals	28,418	888,877	890,302	26,993
Due to Other Funds	1,375	2	1,200	177
Total Liabilities	$ 727,497	$ 4,604,786	$ 4,580,079	$ 752,204
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	$ 14,495	$ 124,750	$ 123,198	$ 16,047
Investments at Fair Value	1,053	41	30	1,064
Accounts Receivable	179	80	50	209
Total Assets	$ 15,727	$ 124,871	$ 123,278	$ 17,320
LIABILITIES				
Due to Individuals	$ 15,727	$ 124,871	$ 123,278	$ 17,320
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 40,163	$ 4,175,968	$ 4,176,962	$ 39,169
Investments at Fair Value	252,990	1,144,645	1,140,079	257,556
Receivables:				
Accounts Receivable	177,670	20,826	501	197,995
Interest Receivable	179	1,313	1,314	178
Due from Other Funds	23,156	26,025	23,156	26,025
Financial Assurance Instruments	272,346	2,415	---	274,761
Total Assets	$ 766,504	$ 5,371,192	$ 5,342,012	$ 795,684
LIABILITIES				
Accounts Payable	$ 24	$ 335	$ 332	$ 27
Due to Other Entities	703,442	4,136,421	4,109,082	730,781
Due to Individuals	44,145	1,013,748	1,013,580	44,313
Due to Other Funds	18,893	1,349,844	1,348,174	20,563
Total Liabilities	$ 766,504	$ 6,500,348	$ 6,471,168	$ 795,684



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Non-Major Component Units:

Development Finance Board – Accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority – Accounts for moneys from bond proceeds, gifts and grants to make loans for property acquisitions/renovations and pollution control facilities.

Fulton 54 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Transportation Finance Corporation – Accounts for moneys from federal, state or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Highway 63 Transportation Corporation – Accounts for moneys from sales tax proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation – Accounts for moneys from bond proceeds to promote and develop public transportation facilities under the Missouri Transportation Corporation Act.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2004
(In Thousands of Dollars)

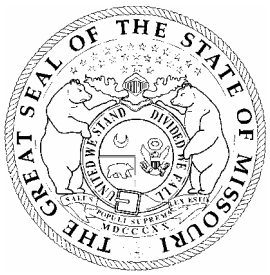
	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2004
ASSETS									
Current Assets:									
Cash and Cash Equivalents	$ 1,209	$ 6,317	$ ---	$ 5,594	$ 5,667	$ 403	$ ---	$ 2	$ 19,192
Investments	18,349	---	---	---	---	---	---	---	18,349
Accounts Receivable, Net	---	21	1,010	---	---	---	---	---	1,031
Interest Receivable	232	---	36	258	1,550	---	---	---	2,076
Prepaid Items	108	---	---	---	---	---	---	---	108
Due from Other Governments	---	---	---	---	---	1,067	187	80	1,334
Due from Primary Government/Component Unit	7,700	---	2,165	---	2,589	---	5,000	---	17,454
Loans Receivable	1,864	538	---	1,112	---	---	---	---	3,514
Noncurrent Assets:									
Advance to Other Governments	---	---	---	---	---	3,305	1,493	3,614	8,412
Advance to Primary Government/Component Unit	---	---	5,530	21,153	12,635	---	3,667	8,850	51,835
Loans Receivable	8,530	2,562	---	11,389	---	---	---	---	22,481
Restricted Assets:									
Cash and Cash Equivalents	12,605	439	413	34,778	---	---	---	4,243	52,478
Investments	31,659	---	873	---	---	---	---	---	32,532
Deferred Charges	13	---	---	---	---	---	---	166	179
Capital Assets:									
Construction in Progress	5,181	---	---	---	---	---	---	---	5,181
Land	8,067	---	---	---	---	---	---	---	8,067
Buildings	26,642	---	---	---	---	---	---	---	26,642
Equipment	48	---	---	---	---	---	---	---	48
Less Accumulated Depreciation	(1,803)	---	---	---	---	---	---	---	(1,803)
Total Capital Assets (Net of Accumulated Depreciation)	38,135	---	---	---	---	---	---	---	38,135
Total Assets	120,404	9,877	10,027	74,284	22,441	4,775	10,347	16,955	269,110
LIABILITIES									
Current Liabilities:									
Accounts Payable	647	99	---	6	2	59	---	---	813
Due to Primary Government/Component Unit	---	623	---	---	---	1,157	---	---	1,780
Deferred Revenue	---	---	---	---	1,545	---	---	3,694	5,239
Interest Payable	16	---	138	---	394	---	187	236	971
Bonds Payable	7,700	---	2,165	---	2,315	---	5,000	85	17,265
Noncurrent Liabilities:									
Advance from Primary Government/ Component Unit	---	3,590	---	---	6,000	3,646	1,690	---	14,926
Deferred Revenue	15,800	---	1,010	---	---	---	---	---	16,810
Deposits and Reserves	20,715	---	---	---	---	---	---	---	20,715
Bonds Payable	18,100	---	6,540	---	10,380	---	3,470	12,425	50,915
Total Liabilities	62,978	4,312	9,853	6	20,636	4,862	10,347	16,440	129,434
NET ASSETS									
Invested in Capital Assets, Net	20,035	---	---	---	---	---	---	---	20,035
Restricted for:									
Other Purposes	7,766	4,800	---	68,425	---	---	---	---	80,991
Unrestricted	29,625	765	174	5,853	1,805	(87)	---	515	38,650
Total Net Assets	$ 57,426	$ 5,565	$ 174	$ 74,278	$ 1,805	$ (87)	$ ---	$ 515	$ 139,676

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2004
Operating Revenues:									
Licenses, Fees and Permits	$ 1,374	$ 262	$ ---	$ 1	$ ---	$ ---	$ ---	$ ---	$ 1,637
Interest on Receivables	224	---	31	1,019	615	---	---	564	2,453
Leases and Rentals	1,656	---	---	---	---	---	---	---	1,656
Cost Reimbursement/Miscellaneous	14	---	397	---	---	441	475	80	1,407
Total Operating Revenues	3,268	262	428	1,020	615	441	475	644	7,153
Operating Expenses:									
Personal Service	534	225	---	59	---	---	---	---	818
Operations	833	86	---	10	---	134	---	4	1,067
Specific Programs	---	1,308	---	---	---	---	---	---	1,308
Interest Expense	---	---	413	---	842	---	475	570	2,300
Depreciation	540	---	---	---	---	---	---	---	540
Amortization	5	---	---	---	---	---	---	21	26
Other Charges	21	---	---	1	---	324	---	---	346
Total Operating Expenses	1,933	1,619	413	70	842	458	475	595	6,405
Operating Income (Loss)	1,335	(1,357)	15	950	(227)	(17)	---	49	748
Non-Operating Revenues (Expenses):									
Contributions and Intergovernmental	5,799	2,498	---	---	---	---	---	---	8,297
Investment Earnings:									
Interest	577	174	12	545	---	24	---	5	1,337
Bond Interest and Related Expenses	(460)	---	---	---	---	---	---	---	(460)
Gain on Sale of Fixed Assets	24	---	---	---	---	---	---	---	24
Total Non-Operating Revenues (Expenses)	5,940	2,672	12	545	---	24	---	5	9,198
Income (Loss) Before Transfers	7,275	1,315	27	1,495	(227)	7	---	54	9,946
Transfers In	---	35	---	---	---	---	---	---	35
Transfers Out	---	(1)	---	---	---	---	---	---	(1)
Change in Net Assets	7,275	1,349	27	1,495	(227)	7	---	54	9,980
Total Net Assets - Beginning	50,151	4,216	147	72,783	2,032	(94)	---	461	129,696
Total Net Assets - Ending	$ 57,426	$ 5,565	$ 174	$ 74,278	$ 1,805	$ (87)	$ ---	$ 515	$ 139,676

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2004
(In Thousands of Dollars)

	Development Finance Board	Agriculture and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2004
Cash Flows from Operating Activities:									
Receipts from Customers and Users	$ 14,354	$ 255	$ 15	$ 1,050	$ 616	$ ---	$ 1,939	$ 564	$ 18,793
Loans to Outside Entities	(170)	640	---	1,193	---	---	---	---	1,663
Payments to Vendors and Suppliers	(320)	(114)	---	(7)	---	(78)	---	(4)	(523)
Payments to Employees	(534)	(225)	---	(59)	---	---	---	---	(818)
Payments Made for Program Expenses	---	(1,308)	---	---	---	(404)	---	---	(1,712)
Payments Made for Interest Expenses	---	---	(412)	---	(839)	---	(604)	(572)	(2,427)
Other Receipts (Payments)	(7)	---	397	(1)	---	117	475	80	1,061
Net Cash Provided (Used) by Operating Activities	13,323	(752)	---	2,176	(223)	(365)	1,810	68	16,037
Cash Flows from Non-Capital Financing Activities:									
Due to/from Primary Government	7,700	20	(2,165)	6,180	(167)	11	(1,180)	---	10,399
Advance to/from Other Component Units and Primary Government	(7,700)	(603)	2,165	(8,411)	2,588	313	5,000	---	(6,648)
Contributions and Intergovernmental	5,799	2,498	---	---	---	---	---	---	8,297
Transfers to Other Funds	---	34	---	---	---	---	---	---	34
Net Cash Provided (Used) by Non-Capital Financing Activities	5,799	1,949	---	(2,231)	2,421	324	3,820	---	12,082
Cash Flows from Capital and Related Financing Activities:									
Purchases and Construction of Capital Assets	(10,562)	---	---	---	---	---	---	---	(10,562)
Disposal of Capital Assets	24	---	---	---	---	---	---	---	24
Bond Principal Payments	(3,000)	---	---	---	(2,220)	---	(5,630)	(80)	(10,930)
Net Cash Used by Capital and Related Financing Activities	(13,538)	---	---	---	(2,220)	---	(5,630)	(80)	(21,468)
Cash Flows from Investing Activities:									
Proceeds from Investment Maturities	111,598	---	---	---	---	---	---	---	111,598
Purchase of Investments	(118,164)	---	---	---	---	---	---	---	(118,164)
Interest	121	174	---	545	---	24	---	5	869
Net Cash Provided (Used) by Investing Activities	(6,445)	174	---	545	---	24	---	5	(5,697)
Net Increase (Decrease) in Cash	(861)	1,371	---	490	(22)	(17)	---	(7)	954
Cash and Cash Equivalents, Beginning of Year	14,675	5,385	413	39,882	5,689	420	---	4,252	70,716
Cash and Cash Equivalents, End of Year	$ 13,814	$ 6,756	$ 413	$ 40,372	$ 5,667	$ 403	$ ---	$ 4,245	$ 71,670
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:									
Operating Income (Loss)	$ 1,335	$ (1,357)	$ 15	$ 950	$ (227)	$ (17)	$ ---	$ 49	$ 748
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:									
Depreciation/Amortization Expense	545	---	---	---	---	---	---	21	566
Changes in Assets and Liabilities:									
Accounts Receivable	---	(7)	---	---	---	---	---	---	(7)
Interest Receivable	67	---	(16)	30	564	---	---	---	645
Prepaid Items	(79)	---	---	---	---	---	---	---	(79)
Due to/from and Advances to/from Other Governments	---	---	---	---	---	(404)	1,939	80	1,615
Loans Receivable	(455)	640	---	1,193	---	---	---	---	1,378
Accounts Payable	592	(28)	---	3	---	56	---	---	623
Deferred Revenue	10,800	---	---	---	(563)	---	---	(80)	10,157
Deposit and Reserve	524	---	---	---	---	---	---	---	524
Interest Payable	(6)	---	1	---	3	---	(129)	(2)	(133)
Net Cash Provided (Used) by Operating Activities	$ 13,323	$ (752)	$ ---	$ 2,176	$ (223)	$ (365)	$ 1,810	$ 68	$ 16,037



*The **Statistical Section** presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars)

Revenues by Source	Fiscal Years Ended June 30									
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Taxes	$ 9,133,320	$ 8,629,303	$ 8,596,690	$ 8,894,790	$ 8,115,787	$ 8,711,625	$ 7,885,370	$ 7,595,565	$ 7,151,671	$ 6,810,041
Licenses, Fees and Permits	567,513	557,986	543,824	558,439	509,953	516,032	517,813	506,412	463,290	435,032
Sales	16,645	14,579	16,082	22,525	21,528	21,919	20,100	20,583	24,454	20,828
Leases and Rentals	4,069	551	732	7,275	2,202	4,907	4,597	3,715	5,556	3,706
Services	160,528	190,663	152,232	131,283	161,184	208,680	209,765	211,750	137,751	221,453
Contributions and Intergov-ernmental	7,402,583	7,112,532	6,435,840	5,720,071	5,349,315	4,970,880	4,503,133	4,021,224	4,095,494	4,042,760
Investment Earnings, Penalties and Unclaimed Properties	40,870	108,880	122,896	181,949	186,289	192,987	206,074	178,371	151,582	110,882
Miscellaneous Revenues	472,474	557,513	783,035	821,560	307,321	114,615	92,465	91,257	110,761	103,735
Total Revenues	17,798,002	17,172,007	16,651,331	16,337,892	14,653,579	14,741,645	13,439,317	12,628,877	12,140,559	11,748,437
Expenditures by Function										
General Government	496,341	505,556	521,915	476,351	365,872	839,252	446,466	404,239	370,800	353,095
Education	5,371,054	5,299,208	4,544,947	4,346,419	4,096,797	3,878,866	3,742,716	3,474,767	3,234,542	2,973,917
Natural and Economic Resources	444,618	513,127	536,194	553,760	484,432	490,761	494,247	460,792	431,458	452,230
Transportation and Law Enforcement	908,390	911,932	861,789	829,251	766,534	1,501,163	1,336,898	1,366,067	1,299,962	1,252,627
Human Services	8,788,124	8,487,926	7,988,081	7,540,546	6,668,492	6,433,590	5,663,384	5,151,585	4,973,129	4,835,118
Capital Outlay	1,163,186	1,268,908	1,308,980	1,228,401	1,281,802	314,903	335,027	404,043	302,058	220,250
Debt Service	200,739	255,169	189,276	166,971	150,851	126,674	138,946	202,245	132,174	117,150
Article X Distribution	---	5,950	---	98,856	178,842	318,792	376,283	---	---	---
Intergov-ernmental	714,451	592,168	571,652	439,442	457,744	358,181	334,252	363,882	349,327	322,179
Total Expenditures	18,086,903	17,839,944	16,522,834	15,679,997	14,451,366	14,262,182	12,868,219	11,827,620	11,093,450	10,526,566
Excess Revenues	$ (288,901)	$ (667,937)	$ 128,497	$ 657,895	$ 202,213	$ 479,463	$ 571,098	$ 801,257	$ 1,047,109	$ 1,221,871

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
GENERAL FUND - GENERAL
For the Last Ten Fiscal Years
(In Thousands of Dollars)

Revenues by Source	Fiscal Years Ended June 30									
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Taxes	$ 6,863,914	$ 6,446,934	$ 6,545,160	$ 6,796,005	$ 6,127,541	$ 6,740,665	$ 6,019,057	$ 5,830,807	$ 5,507,457	$ 5,248,525
Licenses, Fees and Permits	70,424	64,956	65,123	65,581	64,061	53,802	51,138	48,373	46,721	45,186
Sales	2,792	1,647	783	748	825	1,187	1,177	1,164	2,418	1,572
Leases and Rentals	3,939	314	411	5,909	870	650	537	122	487	408
Services	101,764	138,917	122,859	100,397	102,948	203,545	209,422	211,476	137,498	191,176
Contributions and Intergov-ernmental	1,049,146	1,113,104	704,966	694,938	240,677	599,422	549,649	413,094	477,080	803,981
Investment Earnings, Penalties and Unclaimed Properties	18,280	32,599	54,692	81,265	96,576	108,285	119,789	104,947	84,870	58,685
Miscellaneous Revenues	87,604	190,548	392,256	249,850	36,607	24,090	20,910	16,354	33,291	26,363
Total Revenues	8,197,863	7,989,019	7,886,250	7,994,693	6,670,105	7,731,646	6,971,679	6,626,337	6,289,822	6,375,896
Expenditures by Function										
General Government	338,676	423,456	434,817	379,780	264,579	748,230	375,332	330,882	302,813	293,870
Education	1,018,257	1,062,014	430,398	455,434	539,009	732,129	680,582	609,344	631,686	567,868
Natural and Economic Resources	45,474	54,014	60,290	75,909	77,663	76,679	59,388	54,685	68,650	49,160
Transportation and Law Enforcement	52,170	53,740	53,593	62,160	59,796	55,505	54,931	43,792	37,493	31,629
Human Services	4,363,331	4,276,203	4,013,189	3,873,992	2,978,688	3,276,374	2,922,627	2,694,660	2,474,625	2,741,580
Capital Outlay	62,438	97,789	81,019	171,240	225,090	141,148	143,947	187,816	126,915	79,236
Debt Service	59,483	104,846	46,440	41,937	33,868	14,065	23,889	98,999	37,785	31,035
Article X Distribution	---	5,950	---	98,856	178,842	318,792	376,283	---	---	---
Intergov-ernmental	87,544	89,621	90,833	76,277	84,694	67,535	48,691	51,812	41,840	35,683
Total Expenditures	6,027,373	6,167,633	5,210,579	5,235,585	4,442,229	5,430,457	4,685,670	4,071,990	3,721,807	3,830,061
Excess Revenues	$ 2,170,490	$ 1,821,386	$ 2,675,671	$ 2,759,108	$ 2,227,876	$ 2,301,189	$ 2,286,009	$ 2,554,347	$ 2,568,015	$ 2,545,835

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

STATE OF MISSOURI
TAXES

The Constitution of Missouri, Article X, Section 8, provides general guidelines for property taxes within the State. It limits the State tax on real and tangible personal property to ten cents on each hundred dollars assessed valuation, excluding any tax necessary to pay any bonded debt of the State.

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and tangible personal property in the State. This tax collects approximately 23 million dollars a year and is paid into the Blind Pension Fund, a special revenue fund.

Assessed and Estimated Actual Value of Taxable Property
For the Last Ten Years
(In Thousands of Dollars)

	Assessed Value			Total Taxable Property	
Year (3)	Real Estate	Tangible Personal Property	Distributable Property of Public Utility Companies	Assessed Value (1)	Estimated Actual Value (2)
2003	$ 53,329,893	$ 16,758,009	$ 3,379,705	$ 73,467,607	$ 315,711,999
2002	48,990,936	16,827,556	3,523,243	69,341,735	296,021,155
2001	48,091,934	16,630,805	3,648,150	68,370,889	291,443,564
2000	43,450,656	15,893,447	3,531,220	62,875,323	267,060,094
1999	42,064,375	14,797,778	3,461,735	60,323,888	257,151,302
1998	39,066,562	13,961,314	3,279,016	56,306,892	239,898,361
1997	37,902,282	13,236,610	3,249,863	54,388,755	232,113,244
1996	34,138,325	12,458,792	3,153,027	49,750,144	211,382,255
1995	33,181,619	11,269,545	3,078,181	47,529,345	202,537,140
1994	31,335,588	10,199,469	3,059,585	44,594,642	187,664,425

(1) Data Source: State Tax Commission of Missouri.

(2) Based on residential property assessed at 19%, agricultural property assessed at 12% and commercial property assessed at 32%.

(3) The data for 2004 was not available at publication date.

STATE OF MISSOURI
DEBT

The limitations on State debts and bond issues are contained in the Constitution of Missouri, Article III, Section 37. This section restricts the general assembly from contracting or authorizing the contracting of any liability of the State or the issuing of bonds therefore, except:

1. To refund outstanding bonds, the refunding bonds must have a maturity date of not more than twenty-five years from the date of issue.

2. Upon the recommendation of the governor for a temporary liability incurred by an unforeseen emergency or casual deficiency in revenues for an amount not to exceed one million dollars for any one year and to be paid in five years or less.

3. When the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may submit a measure containing the amount, purpose and terms of the liability, and if the measure is approved by a majority of those voting, the liability may be incurred.

Computation of Legal Debt Margin
June 30, 2004
(In Thousands of Dollars)

General Obligation Bonds Authorized	$	1,775,000
Unforeseen Emergency or Casual Deficiency		1,000
Less: General Obligation Bonds Issued		(1,439,494)
Legal Debt Margin	$	336,506

STATE OF MISSOURI
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUNDS (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio Data)

For the Fiscal Year Ended June 30	Debt Service	Total Expenditures	Ratio
2004	$ 198,629	$ 18,086,903	1.10%
2003	252,648	17,839,944	1.42
2002	186,670	16,522,834	1.13
2001	166,971	15,679,997	1.06
2000	150,851	14,451,366	1.04
1999	126,674	14,262,182	0.89
1998	138,946	12,868,219	1.08
1997	202,245	11,827,620	1.71
1996	132,174	11,093,450	1.19
1995	117,150	10,526,566	1.11

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

STATE OF MISSOURI
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio and Per Capita Data)

For the Fiscal Year Ended June 30	Population (1)	Assessed Value (2)	General Bonded Debt			Net General Bonded Debt	
			Total	Less Debt Service Moneys Available	Net	Ratio to Assessed Value	Per Capita
2004	5,739	$ N/A	$ 2,483,625	$ 107,070	$ 2,376,555	N/A	$ 414.11
2003	5,704	73,467,607	2,311,700	80,130	2,231,570	3.04	391.23
2002	5,670	69,341,735	1,978,210	88,970	1,889,240	2.72	333.20
2001	5,636	68,370,889	1,612,340	90,477	1,521,863	2.23	270.03
2000	5,606	62,875,323	1,269,225	63,002	1,206,223	1.92	215.17
1999	5,562	60,323,888	1,273,113	64,610	1,208,503	2.00	217.28
1998	5,522	56,306,892	1,333,318	60,205	1,273,113	2.26	230.55
1997	5,481	54,388,755	1,288,678	58,746	1,229,932	2.26	224.40
1996	5,432	49,750,144	1,187,926	56,055	1,131,871	2.28	208.37
1995	5,378	47,529,345	1,255,827	50,852	1,204,975	2.54	224.06

Includes general obligation bonds and other bonds which relate to governmental funds.

N/A - Information not available.

Data Sources:

(1) U.S. Department of Commerce - Bureau of Economic Analysis.

(2) State Tax Commission of Missouri - For the year ended December 31.

STATE OF MISSOURI
ECONOMIC DATA

Industrial Growth

Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2004	75	35	10,696	$ 1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919

Data Source: Missouri Department of Economic Development.

Bank Deposits
(In Millions)

Fiscal Year	State Banks	National Banks	Total Deposits
2004	$ 43,893	$ 20,992	$ 64,885
2003	41,407	21,039	62,446
2002	41,184	21,768	62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008
1995	30,152	27,297	57,449

Data Source: Missouri Department of Economic Development.

Retail Sales by Store Group
(In Thousands)

Year	Food	General Merchandise	Furniture, Furnishings and Appliances	Automotive	Health/ Personal Care	All Other	Totals
2004	$ 9,048,443	$ 11,570,652	$ 3,490,705	$ 20,556,129	$ 3,560,535	$ 17,246,443	$ 65,472,907
2003	8,023,131	10,447,515	3,369,425	20,291,535	2,669,433	15,523,282	60,324,321
2002	7,866,518	9,848,102	3,251,995	18,897,240	2,549,175	15,203,018	57,616,048
2001	7,741,561	9,676,695	3,200,033	18,572,559	2,508,497	14,946,218	56,645,563
2000	9,708,109	9,978,604	3,278,017	18,666,625	2,188,964	11,906,129	55,726,448
1999	9,912,908	9,525,196	3,210,288	16,561,707	1,892,555	10,923,604	52,026,258
1998	9,619,227	8,992,504	2,925,982	15,507,470	1,858,292	10,461,323	49,364,798
1997	10,377,890	8,578,221	2,496,712	12,683,473	1,844,231	10,626,251	46,606,778
1996	6,909,793	5,341,199	1,644,656	8,431,367	1,220,947	7,069,636	30,617,598
1995	8,430,568	6,453,336	1,984,645	10,717,139	1,547,532	7,870,303	37,003,523

Data Source: Reprinted by permission of Editor and Publisher Market Guide from VNU Business Media, Inc. Copyright 1989-2004.

Privately Owned Housing Units Authorized by Building Permits

Year	Number of Units	Valuation (In Thousands)
2003	29,309	$ 3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313

Data Source: U.S. Department of Commerce – Bureau of the Census.

Major Private Employers

The State's major private employers and the approximate number employed by each in 2003 were as follows:

Employer	Number Employed
1. Wal-Mart Associates, Inc.	15,000 +
2. Boeing Corporation	12,500 - 15,000
3. Washington University	12,500 - 15,000
4. Schnuck Markets, Inc.	7,500 - 10,000
5. Barnes-Jewish Hospital	7,500 - 10,000
6. Ford Motor Company	7,500 - 10,000
7. May Department Stores	7,500 - 10,000
8. Daimler Chrysler	5,000 - 7,500
9. Lester E Cox Medical	5,000 - 7,500
10. United Parcel Service, Inc.	5,000 - 7,500
11. SBC (Southwestern Bell) Management	5,000 - 7,500
12. St. John's Regional Health Center	5,000 - 7,500
13. Hallmark Cards	5,000 - 7,500
14. St. John's Mercy Hospital	5,000 - 7,500
15. St. Louis University	5,000 - 7,500

Data Source: Missouri Department of Economic Development.

STATE OF MISSOURI
DEMOGRAPHIC STATISTICS

Population Statistics

Year	Population (In Thousands)	% Change	% of Total Urban	% of Total Rural
2000	5,606	9.6%	67.8%	32.2%
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce - Bureau of the Census.

Office of Social and Economic Data Analysis: Demographics.

School Enrollment (In Thousands)

Academic Year	Elementary and Secondary Enrollment (1)	Higher Education Enrollment (2)	Totals	% Change From Prior Year
2003-04	893	231	1,124	0.5%
2002-03	894	224	1,118	1.4
2001-02	890	213	1,103	0.3
2000-01	894	206	1,100	0.2
1999-00	895	203	1,098	0.5
1998-99	895	198	1,093	0.6
1997-98	893	194	1,087	1.4
1996-97	883	189	1,072	1.1
1995-96	874	186	1,060	1.0
1994-95	862	188	1,050	0.9
1993-94	852	189	1,041	0.8

Data Sources: (1) Missouri Department of Elementary and Secondary Education.

(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

STATE OF MISSOURI
DEMOGRAPHIC STATISTICS

Personal Income

Year	Missouri Total Personal Income (In Millions)	U.S. Total Personal Income (In Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change From Prior Year	U.S. % Change From Prior Year
2003	$ 165,967	$ 9,148,680	$ 29,094	$ 31,459	2.5%	2.2%
2002	160,962	8,868,261	28,391	30,795	1.8	0.7
2001	157,235	8,718,165	27,897	30,580	2.4	2.5
2000	152,722	8,422,074	27,243	29,847	6.0	6.8
1999	142,925	7,796,137	25,697	27,939	3.1	3.9
1998	137,619	7,415,709	24,923	26,883	5.1	6.1
1997	129,992	6,907,332	23,716	25,334	5.2	4.8
1996	122,469	6,512,485	22,548	24,175	4.6	4.8
1995	115,948	6,144,741	21,559	23,076	3.4	4.1
1994	111,005	5,833,906	20,848	22,172	3.4	2.9

Data Source: U.S. Department of Commerce - Bureau of Economic Analysis.

Employment
(In Thousands Except Unemployment Rates Data)

Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2003	3,021	2,850	170	5.6%	6.0%
2002	2,990	2,825	165	5.5	5.8
2001	2,970	2,830	140	4.7	4.7
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6
1994	2,698	2,567	131	4.9	6.1

Data Source: Missouri State Web Page - Missouri Economic Research and Information Center and U.S. Labor Market Information Web Page.

STATE OF MISSOURI
SCHEDULE OF MISCELLANEOUS STATISTICS
As of June 30, 2004

Adoption of State Constitution 1821, 1865, 1877, 1945

Land Area (Square Miles) 68,945

Miles of State Highway 32,397

State Highway Patrol Protection:
- Number of Troops (Stations) 9
- Number of Commissioned Highway Patrol Officers 911

Higher Education:
- Public Community Colleges -
  - Number of Campuses 18
  - Number of Students [average annual full-time equivalent (FTE)] 52,227
  - Number of Regular Term Teaching Positions (FTE) 1,224
- State Technical College -
  - Number of Campuses 1
  - Number of Students (FTE) 867
  - Number of Regular Term Teaching Positions (FTE) 45
- State Colleges/Universities -
  - Number of Campuses 14
  - Number of Regular Term Students (FTE) 99,395
  - Number of Regular Term Teaching Positions (FTE) 4,409

Recreation:
- Number of State Parks and Historic Sites 83
- Acres of State Parks and Historic Sites 140,345
- Number of State Conservation Areas 1,128
- Acres of State Conservation Areas 976,374

Sources:

Land Area ..... Missouri State Manual

Miles of Highway ..... Department of Transportation

State Highway Patrol Protection ..... Department of Public Safety/Highway Patrol

Higher Education ..... Department of Higher Education

Recreation ..... Department of Conservation
Department of Natural Resources/Division of State Parks

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